May 2000 Special Legislative Session

Held at Helena, the Seat of Government
May 8-11, 2000

History and Final Status

Enacted Laws and Resolutions of the State of Montana

Montana Code Annotated

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HISTORY AND FINAL STATUS

MAY 2000 SPECIAL SESSION

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SPONSOR LIST OF LEGISLATION

DOHERTY, STEVE
SB 3 SB 8

ELLIS, ALVIN
SB 5

GROSFIELD, LORENTS
SB 1

HALLIGAN, MIKE
SR 1

HARPER, HAL
HB 9

HERTEL, JOHN
SB 7

IIIBBARD, CHASE
HJ 3

JABS, REINY
SR 3

JORE, RICK
HB 8

KEENAN, BOB
SB 12 SB 13 SR 2

KRENZLER, BILLIE
HB 10

MCNUTT, WALTER
SB 6 SB 11

MOLNAR, BRAD
HB 5 HB 6

OHS, KARL
HB 1

SPRAGUE, MIKE
SB 2

STORY, BOB
HB 3 HB 4 HJ 1

SWYSGOOD, CHUCK
SB 9

TAYLOR, MIKE
SB 4

WELLS, JACK
SB 10

WITT, JOHN
HJ 2

YOUNKIN, CINDY
HB7

ZOOK, TOM
HB 2

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GRAND TOTALS

INTRODUCED
House 13
Senate 16
Total 29

VOTED DOWN IN FIRST HOUSE (on 2nd or 3rd reading)
House 1
Senate 0
Total 1

DIED IN FIRST HOUSE (includes tabled bills and bills with adopted adverse committee reports)
House 4
Senate 4
Total 8

VOTED DOWN IN SECOND HOUSE (on 2nd or 3rd reading)
House 0
Senate 0
Total 0

DIED IN SECOND HOUSE (includes tabled bills and bills with adopted adverse committee reports)
House 1
Senate 2
Total 3

PASSED BY LEGISLATURE
House 7
Senate 10
Total 17

VETOED (NOT OVERRIDDEN)
House 0
Senate 0
Total 0

ADOPTED; SIGNED INTO LAW; FILED AS SESSION LAW *
House 7
Senate 10
Total 17

* Note that this category includes adopted resolutions and bills passed by the legislature which did not require the governor's signature, in addition to bills signed by the governor.

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TALLY OF SENATE BILLS

INTRODUCED

Senate Bills	13
Senate Joint Resolutions	0
Senate Resolutions	3
Total	16

DIED IN FIRST HOUSE (includes tabled bills and bills with adopted adverse committee reports)

Senate Bills	4

DIED IN SECOND HOUSE (includes tabled bills and bills with adopted adverse committee reports)

Senate Bills	2

PASSED BY LEGISLATURE

Senate Bills	7
Senate Resolutions	3
Total	10

VETOED (NOT OVERRIDDEN)

Senate Bills	0

ADOPTED; SIGNED INTO LAW; FILED AS SESSION LAW *

Senate Bills	7
Senate Resolutions	3
Total	10

* Note that this category includes adopted resolutions and bills passed by the legislature which did not require the governor's signature, in addition to bills signed by the governor.

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SENATE BILLS AND RESOLUTIONS

SB 1 Introduced by Grosfield *LC0003 Drafter: Heiman*

Reduce taxes by lowering income tax rates and by expanding the standard deduction;...

4/19 Fiscal Note Needed
5/02 Introduced
5/02 Referred to Taxation
5/05 Hearing
5/05 Fiscal Note Printed
Died in Standing Committee

SB 2 Introduced by Sprague *LC0018 Drafter: Maly*

Reduce the annual assessment charged against the value of assets held for safekeeping by a foreign capital depository from 1.5 percent to 0.75 percent;...

4/28	Fiscal Note Needed		
5/02	Introduced		
5/02	Referred to Taxation		
5/05	Hearing		
5/05	Fiscal Note Printed		
5/08	Committee Executive Action—Bill Passed	10	0
5/08	Committee Report—Bill Passed		
5/08	2nd Reading Passed	46	3
5/08	3rd Reading Passed	46	3
	Transmitted to House		
5/08	Referred to Taxation		
5/09	Hearing		
5/09	Committee Executive Action—Bill Concurred	23	0
5/09	Committee Report—Bill Concurred		
5/09	2nd Reading Concurred	98	1
5/09	3rd Reading Concurred	98	1
	Returned to Senate		
5/10	Sent to Enrolling		
5/10	Returned From Enrolling		
5/11	Signed by President		
5/11	Signed by Speaker		
5/11	Transmitted to Governor		
5/11	Signed by Governor		
5/12	Chapter Number Assigned		
	Chapter Number 3		
	Effective Date: 5/11/2000 - All Sections		

SB 3 Introduced by Doherty *LC0015 Drafter: Martin*

Revise the property tax assistance program and the elderly homeowner and renter property tax credit;...

4/24 Fiscal Note Needed
5/02 Introduced
5/02 Referred to Taxation
5/05 Hearing
5/05 Fiscal Note Printed

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5/09 Hearing
5/09 Tabled in Committee
Died in Standing Committee

SB 4 Introduced by M. Taylor *LC0010 Drafter: Petesch*

Clarify that the general obligation bonds for aerospace transportation and technology infrastructure development projects authorized in Chapter 269, Laws of 1999, may be used for any aerospace transportation and technology infrastructure development project;...

5/01	Fiscal Note Needed		
5/02	Introduced		
5/02	Referred to Taxation		
5/05	Fiscal Note Printed		
5/08	Hearing		
5/08	Committee Executive Action—Bill Passed as Amended	10	0
5/08	Committee Report—Bill Passed as Amended		
5/08	2nd Reading Passed	49	0
5/08	3rd Reading Passed	49	0
	Transmitted to House		
5/08	Referred to Appropriations		
5/09	Hearing		
5/09	Committee Executive Action—Bill Concurred as Amended	13	5
5/09	Committee Report—Bill Concurred as Amended		
5/09	2nd Reading Concurred as Amended	67	33
5/09	3rd Reading Concurred	67	33
	Returned to Senate With Amendments		
5/10	2nd Reading House Amendments Not Concurred	47	0
5/10	Reconsidered Previous Action; Placed on 2nd Reading		
5/10	2nd Reading House Amendments Concurred	49	0
5/10	3rd Reading Passed as Amended by House	47	0
5/11	Sent to Enrolling		
5/11	Returned From Enrolling		
5/12	Signed by President		
5/17	Signed by Speaker		
5/18	Transmitted to Governor		
5/18	Signed by Governor		
5/18	Chapter Number Assigned		
	Chapter Number 6		
	Effective Date: 5/18/2000 - All Sections		

SB 5 Introduced by Ellis *LC0002 Drafter: Heiman*

Revise the income taxation of individuals, partnerships, and subchapter s. corporations, including trusts and estates, to relate the state individual income tax to federal taxable income;...

4/19 Fiscal Note Needed
5/03 Introduced
5/03 Referred to Taxation
5/05 Fiscal Note Printed
5/05 Hearing
5/09 Hearing
Died in Standing Committee

SB 6 Introduced by McNutt *LC0020 Drafter: Campbell*

Allow participation by private financial institutions with the Board of Investments in providing loans to business enterprises;...

5/02	Fiscal Note Needed		
5/04	Introduced		
5/04	Referred to Finance And Claims		
5/08	Hearing		
5/08	Committee Executive Action—Bill Passed as Amended	18	0
5/08	Committee Report—Bill Passed as Amended		
5/08	Fiscal Note Printed		
5/08	2nd Reading Passed	49	0
5/08	3rd Reading Passed	49	0
	Transmitted to House		
5/08	Referred to Appropriations		
5/09	Hearing		
5/09	Committee Executive Action—Bill Concurred	17	0
5/09	Committee Report—Bill Concurred		
5/09	2nd Reading Concurred	91	8
5/09	3rd Reading Concurred	91	8
	Returned to Senate		
5/10	Sent to Enrolling		
5/10	Returned From Enrolling		
5/11	Signed by President		
5/11	Signed by Speaker		
5/11	Transmitted to Governor		
5/11	Signed by Governor		
5/12	Chapter Number Assigned		
	Chapter Number 4		
	Effective Date: 5/11/2000 - All Sections		

SB 7 Introduced by Hertel *LC0024 Drafter: Higgins*

Impose a moratorium on new applications for initial alternative livestock ranch licenses until a live test for chronic wasting disease is developed and is approved by the Department of Livestock;...

5/05	Fiscal Note Needed		
5/08	Introduced		
5/08	Referred to Select Committee on Agriculture		
5/08	Hearing		
5/08	Committee Executive Action—Bill Passed as Amended	13	1
5/08	Committee Report—Bill Passed as Amended		
5/09	2nd Reading Passed	40	9
5/09	3rd Reading Passed	40	9
	Transmitted to House		
5/09	Fiscal Note Printed		
5/09	Referred to Agriculture		
5/10	Hearing		
5/10	Committee Executive Action—Bill Concurred	14	5
5/10	Committee Report—Bill Concurred		
5/10	2nd Reading Concurred	88	12
5/10	3rd Reading Concurred	87	13
	Returned to Senate		
5/11	Sent to Enrolling		
5/11	Returned From Enrolling		

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5/11 Signed by President
5/11 Signed by Speaker
5/11 Transmitted to Governor
5/11 Signed by Governor
5/11 Chapter Number Assigned
Chapter Number 1
Effective Date: 5/11/2000 - All Sections

SB 8 Introduced by Doherty *LC0016 Drafter: Bohyer*

Provide property tax relief for certain residential land and improvements;...

4/24 Fiscal Note Needed
5/08 Introduced
5/08 Referred to Select Committee on Taxation
5/08 Fiscal Note Printed
5/09 Hearing
Died in Standing Committee

SB 9 Introduced by Swysgood, et al. *LC0025 Drafter: Petesch*

Revise reclamation requirements to provide standards for reclamation of open pits and rock faces;...

5/08 Fiscal Note Needed
5/08 Introduced
5/08 Referred to Select Committee on Natural Resources
5/09 Hearing
5/09 Committee Executive Action—Bill Passed as Amended 10 3
5/09 Committee Report—Bill Passed as Amended
5/09 2nd Reading Passed 33 16
5/09 3rd Reading Passed 34 15

Transmitted to House
5/09 Fiscal Note Printed
5/09 Referred to Natural Resources
5/10 Hearing
5/10 Committee Executive Action—Bill Concurred 13 9
5/10 Committee Report—Bill Concurred
5/10 2nd Reading Concurred 60 40
5/10 3rd Reading Concurred 60 40

Returned to Senate
5/11 Returned From Enrolling
5/11 Sent to Enrolling
5/12 Signed by President
5/17 Signed by Speaker
5/18 Transmitted to Governor
5/18 Signed by Governor
5/18 Chapter Number Assigned
Chapter Number 7
Effective Date: 5/18/2000 - All Sections

SB 10 Introduced by Wells *LC0028 Drafter: Petesch*

Eliminate the requirement that an applicant for a hunting or fishing license include the applicant's social security number on the application;...

5/08 Fiscal Note Needed
5/09 Introduced
5/09 Referred to Judiciary

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5/09	Hearing		
5/10	Tabled in Committee		
5/11	Taken From Table in Committee		
5/11	Committee Executive Action—Bill Passed as Amended	7	2
5/11	Committee Report—Bill Passed as Amended		
5/11	2nd Reading Passed	41	8
5/11	3rd Reading Passed	41	8
	Transmitted to House		
	Died in Process		

SB 11 Introduced by McNutt *LC0029 Drafter: Petesch*

Extend the 1 cent aviation fuel tax increase imposed by Chapter 585, Laws of 1999;...

5/09	Fiscal Note Needed		
5/09	Introduced		
5/09	Referred to Select Committee on Taxation		
5/09	Hearing		
5/10	Committee Executive Action—Bill Passed	11	0
5/10	Committee Report—Bill Passed		
5/10	2nd Reading Passed	47	0
5/10	3rd Reading Passed	47	0
	Transmitted to House		
5/10	Fiscal Note Printed		
5/10	Referred to Taxation		
5/10	Hearing		
5/11	Committee Executive Action—Bill Concurred	18	0
5/11	Committee Report—Bill Concurred		
5/11	2nd Reading Concurred	89	10
5/11	3rd Reading Concurred	89	10
	Returned to Senate		
5/11	Sent to Enrolling		
5/11	Returned From Enrolling		
5/12	Signed by President		
5/17	Signed by Speaker		
5/18	Transmitted to Governor		
5/18	Signed by Governor		
5/18	Chapter Number Assigned		
	Chapter Number 8		
	Effective Date: 5/18/2000 - All Sections		

SB 12 Introduced by Keenan *LC0032 Drafter: Niss*

Submit to the qualified electors of Montana an amendment to Article VIII of the Montana Constitution by requiring the Legislature to appropriate part of the money received from the tobacco litigation settlement for the Montana Medicaid Program;...

5/10	Introduced		
5/10	Referred to Finance And Claims		
5/10	Hearing		
5/10	Committee Executive Action—Bill Passed as Amended	16	1
5/10	Committee Report—Bill Passed as Amended		
5/10	2nd Reading Passed	50	0
5/10	3rd Reading Passed	50	0
	Transmitted to House		
5/10	Referred to Human Services		

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5/10	Hearing		
5/11	Committee Executive Action—Bill Concurred as Amended	16	0
5/11	Committee Report—Bill Concurred as Amended		
5/11	2nd Reading Concurred	76	12
5/11	3rd Reading Concurred	76	12
	Died in Process		

SB 13 Introduced by Keenan *LC0031 Drafter: Niss*

Submit to the qualified electors of Montana an amendment to Article XII of the Montana Constitution requiring the dedication of part of the tobacco litigation settlement money to a trust fund;...

5/09	Fiscal Note Needed		
5/10	Introduced		
5/10	Referred to Finance And Claims		
5/10	Hearing		
5/10	Committee Executive Action—Bill Passed as Amended	16	1
5/10	Committee Report—Bill Passed as Amended		
5/10	2nd Reading Passed	43	5
5/10	3rd Reading Passed	45	5
	Transmitted to House		
5/10	Rereferred to Human Services		
5/10	Hearing		
5/10	Committee Executive Action—Bill Concurred	16	2
5/11	Committee Report—Bill Concurred		
5/11	2nd Reading Concurred	69	24
5/11	3rd Reading Concurred	69	24
	Returned to Senate		
5/11	Sent to Enrolling		
5/11	Returned From Enrolling		
5/12	Signed by President		
5/17	Signed by Speaker		
5/18	Chapter Number Assigned		
	Chapter Number 5		
	Effective Date: 11/07/2000, Upon Approval by the Electorate - All Sections		

SR 1 Introduced by Halligan *LC0007 Drafter: Lane*

Concur in, confirm, and consent to the nomination and appointment made by the Governor and submitted to the Senate of Honorable Michael Olen McCarter as Workers' Compensation Judge

5/01	Introduced		
5/02	Referred to Judiciary		
5/08	Hearing		
5/08	Committee Executive Action—Resolution Adopted	9	0
5/08	Committee Report—Resolution Adopted		
5/08	Resolution Adopted	49	0
5/10	Sent to Enrolling		
5/10	Returned from Enrolling		
5/10	Signed by President		
5/11	Filed with Secretary of State		

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SR 2 Introduced by Keenan *LC0005 Drafter: Lane*

Concur in, confirm, and consent to the nomination and appointment made by the Governor and submitted to the Senate of Honorable Stewart Evans Stadler as District Judge, Eleventh Judicial District, Flathead County, Montana

5/02	Introduced		
5/02	Referred to Judiciary		
5/08	Hearing		
5/08	Committee Executive Action—Resolution Adopted	9	0
5/08	Committee Report—Resolution Adopted		
5/08	Resolution Adopted	49	0
5/10	Sent to Enrolling		
5/10	Returned from Enrolling		
5/10	Signed by President		
5/11	Filed with Secretary of State		

SR 3 Introduced by Jabs *LC0006 Drafter: Lane*

Concur in, confirm, and consent to the nomination and appointment made by the Governor and submitted to the Senate of Honorable Willis Blair Jones as District Judge, Twenty-second Judicial District, Stillwater, Carbon, and Big Horn counties, Montana

5/03	Introduced		
5/03	Referred to Judiciary		
5/08	Hearing		
5/08	Committee Executive Action—Resolution Adopted	9	0
5/08	Committee Report—Resolution Adopted		
5/08	Resolution Adopted	49	0
5/10	Sent to Enrolling		
5/10	Returned from Enrolling		
5/10	Signed by President		
5/11	Filed with Secretary of State		

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TALLY OF HOUSE BILLS

INTRODUCED
- House Bills 10
- House Joint Resolutions 3
- House Resolutions 0
- Total 13

VOTED DOWN IN FIRST HOUSE (on 2nd or 3rd reading)
- House Bills 1

DIED IN FIRST HOUSE (includes tabled bills and bills with adopted adverse committee reports)
- House Bills 4

DIED IN SECOND HOUSE (includes tabled bills and bills with adopted adverse committee reports)
- House Bills 1

PASSED BY LEGISLATURE
- House Bills 4
- House Joint Resolutions 3
- Total 7

VETOED (NOT OVERRIDDEN)
- House Bills 0

ADOPTED; SIGNED INTO LAW; FILED AS SESSION LAW *
- House Bills 4
- House Joint Resolutions 3
- Total 7

* Note that this category includes adopted resolutions and bills passed by the legislature which did not require the governor's signature, in addition to bills signed by the governor.

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HOUSE BILLS AND RESOLUTIONS

HB 1 Introduced by Ohs *LC0004 Drafter: Petesch*

Implement the programs that were not funded because of the invalidity of the coal producer's license tax by statutorily appropriating, for the fiscal years beginning July 1, 2001, and ending June 30, 2005, the interest income from $140 million of the coal severance tax permanent fund that is deposited in the general fund for the cooperative development center, for reimbursing tax increment financing industrial districts, for the growth through agriculture program, for business recruitment, export trade enhancement, a small business innovative research program, a small business development center, and the certified communities program, and for research and commercialization projects;...

4/24	Introduced		
4/26	Referred to Appropriations		
4/27	Hearing		
5/02	Committee Executive Action—Bill Passed as Amended	10	7
5/08	Review Executive Action		
5/08	Referred to Appropriations		
5/08	Hearing		
5/08	Committee Executive Action—Bill Passed as Amended	10	8
5/08	Committee Report—Bill Passed as Amended		
5/08	2nd Reading Passed as Amended	80	18
5/08	3rd Reading Passed	80	18
	Transmitted to Senate		
5/08	Referred to Finance And Claims		
5/08	Hearing		
5/09	Hearing		
5/10	Committee Executive Action—Bill Concurred as Amended	14	1
5/10	Committee Report—Bill Concurred as Amended		
5/10	2nd Reading Concurred	47	3
5/10	3rd Reading Concurred	47	3
	Returned to House With Amendments		
5/11	2nd Reading Senate Amendments Concurred	82	16
5/11	3rd Reading Passed as Amended by Senate	82	16
5/11	Sent to Enrolling		
5/11	Returned From Enrolling		
5/17	Signed by Speaker		
5/18	Signed by President		
5/19	Transmitted to Governor		
5/22	Signed by Governor		
5/23	Chapter Number Assigned		
	Chapter Number 10		
	Effective Date: 5/22/2000 - Sections 1, 3, and 5-10		
	Effective Date: 7/01/2001 - Sections 2 and 4		

HB 2 Introduced by Zook *LC0008 Drafter: Person*

Appropriate money for the operation of the second special session of the 56th Legislature convening May 8, 2000, and for other related legislative purposes;...

4/26	Introduced
4/26	Referred to Appropriations
4/26	Hearing

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5/02	Committee Executive Action—Bill Passed	16	1
5/08	Referred to Appropriations		
5/08	Hearing		
5/08	Committee Executive Action—Bill Passed	16	1
5/08	Committee Report—Bill Passed		
5/08	2nd Reading Passed	86	10
5/08	3rd Reading Passed	86	10
	Transmitted to Senate		
5/08	Referred to Finance And Claims		
5/08	Hearing		
5/08	Committee Executive Action—Bill Concurred	18	0
5/08	Committee Report—Bill Concurred		
5/08	2nd Reading Concurred	49	0
5/08	3rd Reading Concurred	49	0
	Returned to House		
5/09	Sent to Enrolling		
5/09	Returned From Enrolling		
5/10	Signed by Speaker		
5/10	Signed by President		
5/11	Transmitted to Governor		
5/11	Signed by Governor		
5/12	Chapter Number Assigned		
	Chapter Number 2		
	Effective Date: 5/11/2000 - All Sections		

HB 3 Introduced by Story *LC0001 Drafter: McClure*

A referendum to provide for a reduction in property taxes by increasing direct state aid to school districts from 41.8 percent to 44.7 percent;...

4/19	Fiscal Note Needed		
5/02	Fiscal Note Requested (Local Government Fiscal Impact)		
5/02	Introduced		
5/02	Referred to Taxation		
5/05	Hearing		
5/08	Referred to Taxation		
5/08	Hearing		
5/08	Fiscal Note Printed (Local Government Fiscal Impact)		
5/08	Committee Executive Action—Bill Passed as Amended	13	9
5/08	Committee Report—Bill Passed as Amended		
5/08	2nd Reading Pass Motion Failed	47	51

HB 4 Introduced by Story *LC0009 Drafter: McClure*

Provide for a reduction in property taxes by increasing direct state aid to school districts from 41.8 percent to 44.7 percent;...

4/21	Fiscal Note Needed		
5/02	Fiscal Note Requested (Local Government Fiscal Impact)		
5/02	Introduced		
5/02	Referred to Taxation		
5/05	Hearing		
5/05	Fiscal Note Printed (Local Government Fiscal Impact)		
5/08	Referred to Taxation		
5/08	Hearing		
5/08	Committee Executive Action—Bill Passed as Amended	13	9
5/08	Committee Report—Bill Passed as Amended		
5/08	2nd Reading Passed	53	45
5/08	3rd Reading Passed	53	45

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	Transmitted to Senate		
5/08	Referred to Select Committee on Taxation		
5/09	Hearing		
5/10	Hearing		
5/10	Hearing		
5/11	Hearing		
5/11	Committee Executive Action—Bill Concurred as Amended	12	0
5/11	Committee Report—Bill Concurred as Amended		
5/11	2nd Reading Concurred	49	0
5/11	3rd Reading Concurred	50	0
	Returned to House With Amendments		
5/11	2nd Reading Senate Amendments Concurred	94	5
5/11	3rd Reading Passed as Amended by Senate	94	5
5/11	Sent to Enrolling		
5/11	Returned From Enrolling		
5/17	Signed by Speaker		
5/18	Signed by President		
5/19	Transmitted to Governor		
5/25	Signed by Governor		
5/25	Chapter Number Assigned		
	Chapter Number 11		
	Effective Date: 5/25/2000 - Sections 1-15, 17, and 18		
	Effective Date: 1/01/2001 - Section 16		

HB 5 Introduced by Molnar *LC0017 Drafter: Petesch*

Provide for the refund of $70 million to individual income taxpayers;...

4/28	Fiscal Note Needed
5/02	Introduced
5/02	Referred to Taxation
5/05	Hearing
5/05	Fiscal Note Printed
5/08	Referred to Taxation
5/08	Hearing
	Died in Standing Committee

HB 6 Introduced by Molnar *LC0013 Drafter: Petesch*

Reduce property taxes by requiring property tax collections in excess of a calculated amount to be refunded;...

4/24	Fiscal Note Needed
5/02	Fiscal Note Requested (Local Government Fiscal Impact)
5/03	Introduced
5/03	Referred to Taxation
5/05	Fiscal Note Printed (Local Government Fiscal Impact)
5/05	Hearing
5/08	Referred to Taxation
5/08	Hearing
	Died in Standing Committee

HB 7 Introduced by Younkin *LC0022 Drafter: Petesch*

Repeal state inheritance taxes;...

5/04	Fiscal Note Needed
5/09	Introduced
5/09	Referred to Taxation
5/10	Hearing

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5/10	Fiscal Note Printed		
5/10	Committee Executive Action—Bill Passed as Amended	15	8
5/10	Committee Report—Bill Passed as Amended		
5/10	2nd Reading Passed	68	32
5/10	3rd Reading Passed	68	32
	Transmitted to Senate		
5/11	Referred to Select Committee on Taxation		
5/11	Hearing		
5/11	Committee Executive Action—Bill Concurred as Amended	7	5
5/11	Committee Report—Bill Concurred as Amended		
5/11	2nd Reading Concurred	26	24
5/11	3rd Reading Concurred	26	24
	Returned to House With Amendments		
5/11	2nd Reading Senate Amendments Concurred	70	28
5/11	3rd Reading Passed as Amended by Senate	70	28
5/11	Sent to Enrolling		
5/11	Returned From Enrolling		
5/17	Signed by Speaker		
5/18	Signed by President		
5/19	Chapter Number Assigned		
	Chapter Number 9		
	Effective Date: 11/07/2000, Upon Approval by the Electorate - All Sections		

HB 8 Introduced by Jore *LC0023 Drafter: Petesch*

Phase in a 20 percent reduction in income taxes by reducing taxes payable, before credits, by 5 percent each year for 4 consecutive years;...

5/04	Fiscal Note Needed		
5/09	Introduced		
5/09	Referred to Taxation		
5/09	Fiscal Note Requested		
5/10	Hearing		
5/10	Fiscal Note Printed		
5/10	Committee Executive Action—Bill Passed	15	8
	Died in Process		

HB 9 Introduced by Harper *LC0026 Drafter: Petesch*

Provide that an applicant for a hunting or fishing license may provide the applicant's social security number, driver's license number, or another form of identification with the application;...

5/08	Fiscal Note Needed		
5/09	Introduced		
5/09	Referred to Fish, Wildlife And Parks		
5/09	Hearing		
5/10	Committee Executive Action—Bill Passed as Amended	17	3
5/10	Committee Report—Bill Passed as Amended		
5/10	2nd Reading Passed	79	21
5/10	3rd Reading Passed	79	21
	Transmitted to Senate		
5/11	Referred to Judiciary		
5/11	Hearing		
5/11	Fiscal Note Printed		
5/11	Tabled in Committee		
	Died in Standing Committee		

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HB 10 Introduced by Krenzler *LC0033 Drafter: Petesch*

Revise the insurance information and privacy protection act to exclude property and casualty insurance from the definitions of insurance transaction and policyholder;...

5/11	Introduced		
5/11	Referred to Business and Labor		
5/11	Hearing		
5/11	Tabled in Committee	11	6
	Died in Standing Committee		

HJ 1 Introduced by Story *LC0019 Drafter: Martin*

Revise the official estimate, contained in House Joint Resolution No. 2, Laws of 1999, of the state's anticipated revenue for each year of the 2000-01 biennium for the purpose of achieving a balanced budget as mandated by Article VIII, Section 9, of the Montana Constitution;...

5/02	Referred to Taxation		
5/02	Introduced		
5/05	Hearing		
5/08	Referred to Taxation		
5/08	Hearing		
5/08	Committee Executive Action—Bill Passed as Amended	13	9
5/08	Committee Report—Bill Passed as Amended		
5/08	2nd Reading Passed	54	44
5/08	3rd Reading Passed	54	44
	Transmitted to Senate		
5/08	Referred to Select Committee on Taxation		
5/10	Hearing		
5/10	Committee Executive Action—Bill Concurred	13	9
5/10	Committee Report—Bill Concurred		
5/10	2nd Reading Concurred	31	18
5/10	3rd Reading Concurred	31	19
	Returned to House		
5/11	Sent to Enrolling		
5/11	Returned from Enrolling		
5/11	Signed by Speaker		
5/18	Signed by President		
5/19	Filed with Secretary of State		

HJ 2 Introduced by Witt *LC0030 Drafter: Petesch*

Oppose any new designation for the Missouri River

5/09	Introduced		
5/09	Referred to Agriculture		
5/10	Hearing		
5/10	Committee Executive Action—Bill Passed	14	5
5/10	Committee Report—Bill Passed		
5/10	2nd Reading Passed	67	31
5/10	3rd Reading Passed	67	31
	Transmitted to Senate		
5/11	Referred to Select Committee on Natural Resources		
5/11	Hearing		
5/11	Committee Executive Action—Bill Concurred	11	2
5/11	Committee Report—Bill Concurred		

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5/11	2nd Reading Concurred	36	13
5/11	3rd Reading Concurred	36	13

Returned to House
5/11 Sent to Enrolling
5/11 Returned from Enrolling
5/17 Signed by Speaker
5/18 Signed by President
5/19 Filed with Secretary of State

HJ 3 Introduced by Hibbard *LC0034 Drafter: Petesch*

Urge the United States Congress to revise significantly federal estate tax law to reduce the onerous tax burden related to the transfer of property

5/11	Introduced		
5/11	Referred to Taxation		
5/11	Hearing		
5/11	Committee Executive Action—Bill Passed as Amended	18	0
5/11	Committee Report—Bill Passed as Amended		
5/11	2nd Reading Passed	98	1
5/11	3rd Reading Passed	98	1

Transmitted to Senate

5/11	Referred to Select Committee on Taxation		
5/11	Hearing		
5/11	Committee Executive Action—Bill Concurred	12	0
5/11	Committee Report—Bill Concurred		
5/11	2nd Reading Concurred	45	4
5/11	3rd Reading Concurred	45	4

Returned to House
5/11 Sent to Enrolling
5/11 Returned from Enrolling
5/17 Signed by Speaker
5/18 Signed by President
5/19 Filed with Secretary of State

MONTANA SESSION LAW

(LAWS AND RESOLUTIONS OF THE STATE OF MONTANA)

MAY 2000 SPECIAL SESSION

Explanatory Note: Section 5-11-205, MCA, provides that new parts of existing statutes be printed in italics and that deleted provisions be shown as stricken.

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SESSION LAW CHAPTERS

CHAPTER NO. 1
[SB 7]

AN ACT IMPOSING A MORATORIUM ON NEW APPLICATIONS FOR INITIAL ALTERNATIVE LIVESTOCK RANCH LICENSES UNTIL A LIVE TEST FOR CHRONIC WASTING DISEASE IS DEVELOPED AND IS APPROVED BY THE DEPARTMENT OF LIVESTOCK; AMENDING SECTIONS 87-4-407 AND 87-4-411, MCA; AND PROVIDING AN IMMEDIATE EFFECTIVE DATE.

Be it enacted by the Legislature of the State of Montana:

Section 1. Section 87-4-407, MCA, is amended to read:

"87-4-407. License required — *moratorium* — penalty — seizure of illegally possessed animals. (1) A person may not operate an alternative livestock ranch in this state without first obtaining an alternative livestock ranch license from the department. *The department may not accept any new applications for an initial alternative livestock ranch license until a live test for chronic wasting disease is developed and is approved by the department of livestock.*

(2) A person who operates an alternative livestock ranch without a license or possesses, transports, buys, or sells animals whose importation into the state is restricted pursuant to 87-4-424 is guilty of a misdemeanor and is subject to the penalties provided in 87-4-427(4).

(3) Any animal held in violation of subsection (2) or otherwise illegally possessed may be immediately seized by the department and is subject to disposal by the department. Costs of seizure may be charged to the person in possession of the animal."

Section 2. Section 87-4-411, MCA, is amended to read:

"87-4-411. License and renewal fees — deposit of fees. (1) ~~The~~ *Except as provided in 87-4-407(1), the* department shall charge an initial alternative livestock ranch license fee and an annual renewal fee based on the following scale:

(a) an alternative livestock ranch with 1 to 20 alternative livestock, an initial license fee of $200 and an annual renewal fee of $100;

(b) an alternative livestock ranch with 21 to 60 alternative livestock, an initial license fee of $300 and an annual renewal fee of $200; and

(c) an alternative livestock ranch with more than 60 alternative livestock, an initial license fee of $400 and an annual renewal fee of $400.

(2) In addition to the fees assessed under subsection (1), the department shall charge applicants a fee of $4 an acre based on the total number of acres indicated in the application for a license. In cases of an application for a license modification, the fee applies only if an acreage expansion is proposed.

(3) The department of livestock shall assess a fee, not to exceed $50, for each alternative livestock imported into the state.

(4) (a) One-half of the fees collected pursuant to subsection (1) and all of the fees collected pursuant to subsection (2) must be deposited in the state special revenue fund for the use of the department for purposes of this part.

(b) One-half of the fees collected pursuant to subsection (1) and all import fees collected pursuant to subsection (3) must be deposited in the state special revenue fund for the use of the department of livestock for purposes of this part."

Section 3. Saving clause. [This act] does not affect rights and duties that matured, penalties that were incurred, or applications that were submitted before [the effective date of this act].

Section 4. Effective date. [This act] is effective on passage and approval.

Approved May 11, 2000

CHAPTER NO. 2
[HB 2]

AN ACT APPROPRIATING MONEY FOR THE OPERATION OF THE SECOND SPECIAL SESSION OF THE 56TH LEGISLATURE CONVENING MAY 8, 2000, AND FOR OTHER RELATED LEGISLATIVE PURPOSES; PROVIDING EXPLICITLY FOR REVERSION OF EXCESS FUNDING; AND PROVIDING AN IMMEDIATE EFFECTIVE DATE.

Be it enacted by the Legislature of the State of Montana:

Section 1. Appropriation for special session. The following amounts are appropriated from the general fund to the legislative branch (agency 1104) for the fiscal year ending June 30, 2000, for costs of the special legislative session of May 2000:

1. Senate (25)	$158,200
2. House of Representatives (26)	232,100

3. Legislative Services Division (22) 36,600

Section 2. Reversion. Money appropriated in [section 1] that is not expended or obligated at the end of the fiscal year ending June 30, 2000, reverts to the general fund.

Section 3. Effective date. [This act] is effective on passage and approval.

Approved May 11, 2000

CHAPTER NO. 3
[SB 2]

AN ACT REDUCING THE ANNUAL ASSESSMENT CHARGED AGAINST THE VALUE OF ASSETS HELD FOR SAFEKEEPING BY A FOREIGN CAPITAL DEPOSITORY FROM 1.5 PERCENT TO 0.75 PERCENT; CLARIFYING THE CALCULATION OF THE ASSESSMENT; AMENDING SECTION 15-31-803, MCA; AND PROVIDING AN IMMEDIATE EFFECTIVE DATE.

Be it enacted by the Legislature of the State of Montana:

Section 1. Section 15-31-803, MCA, is amended to read:

"15-31-803. (Temporary) State revenue — assessment — collection — distribution. (1) A foreign capital depository shall pay to the department on June 15 and December 15 of each year a fee that is equal to ~~0.75%~~ *0.375%* of the ~~total~~ *average* value of assets on deposit or in a safe deposit box. The total annual rate of assessment is ~~1.5%~~ *0.75%. Each semiannual assessment must be based on the average balance, at the close of the last business day of the month in each of the 6-month periods prior to June 15 and December 15, of the total value of the assets on deposit or in safe deposit boxes.*

(2) The basis of the value ascribed to each asset is:

(a) the U.S. dollar exchange value of the currency on deposit on the date of assessment;

(b) the spot market price of the platinum, palladium, gold, or silver held in precious metals accounts, as defined in 32-8-402, as published in The Wall Street Journal on the date of assessment; or

(c) the market value of other tangible personal property held in safe deposit boxes or other accounts at the time of the assessment, as determined by the depository using a method approved by the department. The depository shall submit to the department within 60 days of the appraisal a report that documents the method and calculations of the appraisal.

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(3) The semiannual assessment fee must be deposited into the general fund. (Terminates September 30, 2012—sec. 90, Ch. 382, L. 1997.)"

Section 2. Effective date. [This act] is effective on passage and approval.

Approved May 11, 2000

CHAPTER NO. 4
[SB 6]

AN ACT ALLOWING PARTICIPATION BY PRIVATE FINANCIAL INSTITUTIONS WITH THE BOARD OF INVESTMENTS IN PROVIDING LOANS TO BUSINESS ENTERPRISES; AMENDING SECTIONS 17-6-311, 17-6-312, 17-6-314, AND 17-6-324, MCA; AND PROVIDING AN IMMEDIATE EFFECTIVE DATE.

Be it enacted by the Legislature of the State of Montana:

Section 1. Participation by private financial institutions — rulemaking. (1) (a) The board may jointly participate with private financial institutions in making loans to a business enterprise if the loan will:

(i) result in the creation of a business estimated to employ at least 15 people in Montana on a permanent, full-time basis; or

(ii) result in the expansion of a business estimated to employ at least an additional 15 people in Montana on a permanent, full-time basis.

(b) Loans under this section may be made only to business enterprises that are producing or will produce value-added products or commodities.

(c) a loan made pursuant to this section does not qualify for a job credit interest rate reduction under 17-6-318.

(2) A loan made pursuant to this section may not exceed 1% of the coal severance tax permanent fund and must comply with each of the following requirements:

(a) (i) The business enterprise seeking a loan must have a cash equity position equal to at least 25% of the total loan amount.

(ii) A participating private financial institution may not require:

(A) the business enterprise to have an equity position greater than 25% of the total loan amount; or

(B) additional security or guarantees to cover its exposure, but this does not preclude federal guarantees.

(b) The board shall provide 75% of the total loan amount.

(c) The term of the loan may not exceed 15 years.

(d) The board shall charge interest at the following rate:

(i) 2% a year for the first 5 years;

(ii) 6% a year for the second 5 years; and

(iii) for the third 5 years, an amount equal to the national prime interest rate, adjusted annually on January 1 of each year, but not to exceed 10% a year.

(e) (i) A participating private financial institution may charge interest in an amount equal to the national prime interest rate, adjusted on January 1 of each year, but the interest rate may not be less than 6% or greater than 12%.

(ii) A participating private financial institution, or lead private financial institution if more than one is participating, may charge a 0.5% annual service fee.

(f) The business enterprise may not be charged a loan prepayment penalty.

(g) The loan agreement must contain provisions providing for pro rata lien priority and pro rata liquidation provisions based upon the loan percentage of the board and each participating private lender.

(3) If a portion of a loan made pursuant to this section is for construction, disbursement of that portion of the loan must be made based upon the percentage of completion to ensure that the construction portion of the loan is advanced prior to completion of the project.

(4) A private financial institution shall participate in a loan made pursuant to this section to the extent of 85% of its lending limit or 25% of the loan, whichever is less. However, the board's participation in the loan must be 75% of the loan amount.

(5) A business enterprise receiving a loan under the provisions of this section may not pay bonuses or dividends to investors until the loan has been paid off, except that incentives may be paid to employees for achieving performance standards or goals.

(6) The board may adopt rules that it considers necessary to implement this section.

Section 2. Section 17-6-311, MCA, is amended to read:

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"17-6-311. Limitation on size of investments. (1) Except as provided in subsections (2) through (4), an investment may not be made that will result in any one business enterprise or person receiving a benefit from or incurring a debt to the permanent coal tax trust fund the total current accumulated amount of which exceeds 1% of the permanent coal tax trust fund. *This subsection does not apply to a loan made pursuant to [section 1].*

(2) Subsection (1) does not limit the board's authority to make loans to the capital reserve account as provided in 17-6-308(2).

(3) Subsection (1) does not apply to the purchase of debentures issued by a capital company;. ~~however~~ *However*, the total amount of ~~such~~ debentures purchased by the board may not exceed 1% of the Montana permanent coal tax trust fund at the time of purchase.

(4) The total amount of loans made pursuant to 17-6-309(2) *or [section 1]* may not exceed $50 million, and a single loan may not be less than $250,000. ~~A~~ *Except for a loan made pursuant to [section 1], a* loan may not exceed $16,666 ~~per~~ *for each* job that is estimated to be created. In determining the size of a loan made pursuant to 17-6-309(2), the board shall consider:

(a) the estimated number of jobs to be created by the project within a 4-year period from the time that the loan is made and the impact of the jobs on the state and the community where the project will be located;

(b) the long-term effect of corporate and personal income taxes estimated to be paid by the business and its employees;

(c) the current and projected ability of the community to provide necessary infrastructure for economic and community development purposes;

(d) the amount of increased salaries, wages, and business incomes of existing jobholders and businesses; and

(e) other matters that the board considers necessary."

Section 3. Section 17-6-312, MCA, is amended to read:

"17-6-312. State participation in loans. (1) Subject to 17-6-311(4), state participation in any loan to a business enterprise, except for a loan *made pursuant to [section 1] or* guaranteed by a federal agency, must be limited to 80% of the outstanding loan. The state shall participate in the security for a loan in the same proportion as the loan participation amount.

(2) The purchase of debentures issued by a capital company is not a loan participation and is not subject to subsection (1).

(3) State participation in loans to nonprofit corporations may qualify for the job credit interest rate reductions under 17-6-318 if the interest rate reduction passes through to a for-profit business creating the jobs."

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Section 4. Section 17-6-314, MCA, is amended to read:

"17-6-314. Rate of return. ~~In~~ *Except as provided in [section 1], in* calculating the rate of return for any Montana investment to be made from the permanent coal tax trust fund, the board shall consider the long-term benefit to the Montana economy and the additional service fee discount provided for in 17-6-319."

Section 5. Section 17-6-324, MCA, is amended to read:

"17-6-324. Rulemaking authority. *(1)* The board may adopt rules to implement the provisions of this part and 17-6-211(2). Rules adopted by the board may include:

(a) definitions of small- and medium-sized businesses;;

(b) a method of committing funds to financial institutions, *including guidelines for lead private financial institutions if a consortium of private financial institutions is participating in a loan made pursuant to [section 1];*

(c) guidelines for graduation clauses for refinancing and early payment of loans made pursuant to [section 1];;

(d) types of service fees;; and

(e) types of investments to be made.

(2) The board may also adopt procedural rules to govern its proceedings."

Section 6. Codification instruction. [Section 1] is intended to be codified as an integral part of Title 17, chapter 6, part 3, and the provisions of Title 17, chapter 6, part 3, apply to [section 1].

Section 7. Effective date. [This act] is effective on passage and approval.

Approved May 11, 2000

CHAPTER NO. 5

[SB 13]

AN ACT SUBMITTING TO THE QUALIFIED ELECTORS OF MONTANA AN AMENDMENT TO ARTICLE XII OF THE MONTANA CONSTITUTION REQUIRING THE DEDICATION OF PART OF THE TOBACCO LITIGATION SETTLEMENT MONEY TO A TRUST FUND; ALLOWING THE APPROPRIATION OF PART OF THE INCOME FROM THE TRUST FUND FOR PURPOSES OF TOBACCO DISEASE PREVENTION PROGRAMS AND PROGRAMS RELATED TO HEALTH CARE NEEDS;

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PROHIBITING THE APPROPRIATION OF THE INCOME FOR THE PURPOSES OF REPLACING MONEY USED FOR TOBACCO DISEASE PREVENTION PROGRAMS AND PROGRAMS THAT EXISTED ON DECEMBER 31, 1999, PROVIDING BENEFITS FOR HEALTH CARE NEEDS OF MONTANANS; AND PROVIDING AN EFFECTIVE DATE.

Be it enacted by the Legislature of the State of Montana:

Section 1. Article XII of The Constitution of the State of Montana is amended by adding a new section 4 that reads:

Section 4. Montana tobacco settlement trust fund. (1) The legislature shall dedicate not less than two-fifths of any tobacco settlement proceeds received on or after January 1, 2001, to a trust fund, nine-tenths of the interest and income of which may be appropriated. One-tenth of the interest and income derived from the trust fund on or after January 1, 2001, shall be deposited in the trust fund. The principal of the trust fund and one-tenth of the interest and income deposited in the trust fund shall remain forever inviolate unless appropriated by a vote of two-thirds of the members of each house of the legislature.

(2) Appropriations of the interest, income, or principal from the trust fund shall be used only for tobacco disease prevention programs and state programs providing benefits, services, or coverage that are related to the health care needs of the people of Montana and may not be used for other purposes.

(3) Appropriations of the interest, income, or principal from the trust fund shall not be used to replace state or federal money used to fund tobacco disease prevention programs and state programs that existed on December 31, 1999, providing benefits, services, or coverage of the health care needs of the people of Montana.

Section 2. Effective date. This act is effective upon approval by the electorate.

Section 3. Submission to electorate. This amendment shall be submitted to the qualified electors of Montana at the general election to be held in November 2000 by printing on the ballot the full title of this act and the following:

[ ] FOR dedicating not less than 40% of the tobacco settlement to a trust fund for health care benefits, services, or coverage and tobacco disease prevention.

[ ] AGAINST dedicating not less than 40% of the tobacco settlement to a trust fund for health care benefits, services, or coverage and tobacco disease prevention.

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CHAPTER NO. 6
[SB 4]

AN ACT CLARIFYING THAT THE GENERAL OBLIGATION BONDS FOR AEROSPACE TRANSPORTATION AND TECHNOLOGY INFRASTRUCTURE DEVELOPMENT PROJECTS AUTHORIZED IN CHAPTER 269, LAWS OF 1999, MAY BE USED FOR ANY AEROSPACE TRANSPORTATION AND TECHNOLOGY INFRASTRUCTURE DEVELOPMENT PROJECT; PROVIDING THAT BOND PROCEEDS ARE APPROPRIATED TO THE DEPARTMENT OF COMMERCE; CLARIFYING THAT THE PORTIONS OF AEROSPACE TRANSPORTATION AND TECHNOLOGY INFRASTRUCTURE DEVELOPMENT PROJECTS THAT ARE FINANCED WITH BOND PROCEEDS ARE OWNED BY THE STATE AND MAY BE LEASED TO THE LOCAL GOVERNMENT CREATING THE TAX INCREMENT FINANCING DISTRICT OR TO THE ENTITY FOR WHOM THE PROJECT IS CREATED; AMENDING SECTION 5, CHAPTER 269, LAWS OF 1999; AND PROVIDING AN IMMEDIATE EFFECTIVE DATE.

Be it enacted by the Legislature of the State of Montana:

Section 1. Section 5, Chapter 269, Laws of 1999, is amended to read:

"Section 5. Authorization of bonds. (1) The board of examiners is authorized to issue and sell general obligation bonds in an amount not exceeding $20 million for aerospace transportation and technology infrastructure development projects, as defined in 7-15-4283, except as provided in subsection (2) of this section, in accordance with the terms and in the manner required by Title 17, chapter 5, part 8, and upon the authority granted to the board by this section. The bonds are in addition to any other authorization to the board to issue and sell general obligation bonds and subject to the conditions set forth in this section.

(2) For purposes of the general obligation bonds authorized in this section, 7-15-4288(5) and (7) ~~is~~ *are* excluded from the definition of aerospace transportation and technology infrastructure development projects. *Bond proceeds are appropriated to the department of commerce for assisting in funding authorized aerospace transportation and technology infrastructure development projects. The department may request the board of examiners to issue the bonds for specified projects for a single or multiple entities, but the total amount of bonds issued may not exceed $20 million. The portions of aerospace transportation and technology infrastructure development projects that are financed with bond proceeds are owned by the state and may be leased to the local government creating the tax increment financing district or to the entity for whom the project is created at a fair value, taking into consideration job creation and overall tax revenue generated by the project. For purposes of this section, state and local governments may not provide telecommunications or other services in competition with private providers unless private providers cannot provide the services.*

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(3) It is the intent of the legislature that debt service payments for the bonds authorized by this section will be covered by the ~~increased taxes paid to the state~~ *totality of the taxes generated* by the ~~venture star~~ *aerospace transportation and technology infrastructure development* ~~project~~ *projects to be calculated by an economic impact analysis of the projects on state tax revenue.* When requesting the board of examiners to issue the bonds, the department of commerce shall present to the department of administration for presentation to the board of examiners the following:

(a) evidence satisfactory to the board that ~~venture star~~ *each aerospace transportation and technology infrastructure development project* has committed itself to locate its project in Montana and has acquired a site for the project; and

(b) a certificate signed by the director of the office of budget and program planning that the tax revenue to be received by the state from ~~the venture star~~ *each aerospace transportation and technology infrastructure development* project will be sufficient to pay the principal of and interest on the bonds."

Section 2. Effective date. [This act] is effective on passage and approval.

Approved May 18, 2000

CHAPTER NO. 7
[SB 9]

AN ACT REVISING RECLAMATION REQUIREMENTS TO PROVIDE STANDARDS FOR RECLAMATION OF OPEN PITS AND ROCK FACES; PROVIDING THAT BACKFILLING OF OPEN PITS IS NOT ALWAYS REQUIRED; AMENDING SECTIONS 82-4-302 AND 82-4-336, MCA; AND PROVIDING AN IMMEDIATE EFFECTIVE DATE AND A RETROACTIVE APPLICABILITY DATE.

Be it enacted by the Legislature of the State of Montana:

Section 1. Section 82-4-302, MCA, is amended to read:

"82-4-302. Purpose. (1) The purposes of this part are to ~~provide~~:

~~(a) that the usefulness, productivity, and scenic values of all lands and surface waters involved in mining and mining exploration within the boundaries and lawful jurisdiction of the state will receive the greatest reasonable degree of protection and reclamation to beneficial use;~~

~~(b) authority for cooperation between private and governmental entities in carrying this part into effect;~~

~~(c) for the recognition of the recreational and aesthetic values of land as a benefit to the state of Montana; and~~

~~(d) priorities and values to the aesthetics of our landscape, waters, and ground cover~~

(a) fulfill the responsibilities and exercise the powers delegated by Article IX, section 1(3) and 2(1) of the Montana constitution;

(b) allow mining as an activity beneficial to the economy of Montana;

(c) allow the production of minerals to meet the needs of society and the economic demands of the marketplace;

(d) provide for reclamation that mitigates postreclamation visual contrasts between reclamation lands and adjacent lands;

(e) provide for reclamation that affords some utility to humans or the environment;

(f) prevent foreclosure of future access to mineral resources not fully developed by current mining operations;

(g) mitigate or prevent undesirable offsite environmental impacts; and

(h) provide authority for cooperation between private and governmental entities in carrying this part into effect.

(2) Although both the need for and the practicability of reclamation will control the type and degree of reclamation in any specific instance, the basic objective will be to establish, on a continuing basis, the vegetative cover, soil stability, water condition, and safety condition appropriate to any proposed subsequent use of the area."

Section 2. Section 82-4-336, MCA, is amended to read:

"82-4-336. Reclamation plan and specific reclamation requirements. *(1) Taking into account the site-specific conditions and circumstances, disturbed lands must be reclaimed consistent with the requirements and standards set forth in this section.*

~~(1)~~*(2)* The reclamation plan must provide that reclamation activities, particularly those relating to control of erosion, to the extent feasible, must be conducted simultaneously with the operation and in any case must be initiated promptly after completion or abandonment of the operation on those portions of the complex that will not be subject to further disturbance.

(3) In the absence of an order by the department providing a longer period, the plan must provide that reclamation activities must be completed not more

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than 2 years after completion or abandonment of the operation on that portion of the complex.

~~(2)~~*(4)* In the absence of emergency or suddenly threatened or existing catastrophe, an operator may not depart from an approved plan without previously obtaining from the department written approval for the proposed change.

~~(3)~~*(5)* Provision must be made to avoid accumulation of stagnant water in the ~~mined~~ *development* area *to the extent that it serves as a host or breeding ground for mosquitoes or other disease-bearing or noxious insect life.*

~~(4)~~*(6)* All final grading must be made with nonnoxious, nonflammable, noncombustible solids unless approval has been granted by the department for a supervised sanitary fill.

~~(5)~~*(7)* When mining has left an open pit exceeding 2 acres of surface area and the composition of the floor or walls of the pit are likely to cause formation of acid, toxic, or otherwise pollutive solutions ("objectionable effluents") on exposure to moisture, the reclamation plan must include provisions that adequately provide for:

(a) insulation of all faces from moisture or water contact by covering ~~to a depth of 2 feet or more~~ *the faces* with material or fill not susceptible itself to generation of objectionable effluents *in order to mitigate the generation of objectionable effluents*; *or*

(b) processing of any objectionable effluents in the pit before they are allowed to flow or be pumped out of the pit to reduce toxic or other objectionable ratios to a level considered safe to humans and the environment by the department; *or*

(c) drainage of any objectionable effluents to settling or treatment basins when the objectionable effluents must be reduced to levels considered safe by the department before release from the settling basin; or

(d) absorption or evaporation of objectionable effluents in the open pit itself; and

(e) prevention of entrance into the open pit by persons or livestock lawfully upon adjacent lands by fencing, warning signs, and other devices that may reasonably be required by the department.

~~(6)~~*(8)* Provisions for vegetative cover must be required in the reclamation plan if appropriate to the future use of the land as specified in the reclamation plan. The reestablished vegetative cover must meet county standards for noxious weed control.

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~~(7)~~*(9) (a)* ~~The~~ *With regard to disturbed land other than open pits and rock faces, the* reclamation plan must provide for the reclamation of all disturbed land~~. Proposed reclamation must provide for the reclamation of disturbed land~~ to comparable utility and stability as that of adjacent areas~~, except for open pits and rock faces that may not be feasible to reclaim in the same fashion as other disturbed lands~~.

(b) ~~In the case of~~ *With regard to* open pits and rock faces, the reclamation plan must provide for reclamation to a condition:

~~(a)~~*(i)* of stability structurally competent to withstand geologic and climatic conditions without significant failure that would be a threat to public safety and the environment;

~~(b)~~*(ii)* that affords *some* utility to humans ~~and~~ *or* the ~~surrounding natural system to the extent feasible~~ *environment*; and

~~(c)~~*(iii)* that ~~blends with the appearance of the surrounding area to the extent feasible~~ *mitigates postreclamation visual contrasts between reclamation lands and adjacent lands.*

(c) The reclamation of open pits and rock faces does not require backfilling, in whole or in part, except and only to the extent necessary to meet the requirements of the applicable provisions of Title 75, chapters 2 and 5.

~~(8)~~*(10)* The reclamation plan must provide sufficient measures to ensure public safety and to prevent the pollution of air or water and the degradation of adjacent lands.

~~(9)~~*(11)* A reclamation plan must be approved by the department if it adequately provides for the accomplishment of the ~~activities specified in this section~~ *requirements and standards set forth in this section.*

~~(10)~~*(12)* The reclamation plan must provide for permanent landscaping and contouring to minimize the amount of precipitation that infiltrates into disturbed areas, including but not limited to tailings impoundments and waste rock dumps. The plan must also provide measures to prevent objectionable postmining ground water discharges."

Section 3. Effective date. [This act] is effective on passage and approval.

Section 4. Applicability. (1) Except as provided in subsections (2) and (3), [this act] applies retroactively, within the meaning of 1-2-109, to permits and permit amendments approved by the department after September 30, 1995.

(2) Section 82-4-336(9)(b)(ii) and (9)(b)(iii) do not apply to any reclamation plan approved by the department for a mine at which mining operations have permanently ceased on [the effective date of this act].

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(3) Section 82-4-336(9)(c) does not alter or abrogate any backfilling requirement imposed or approved by the department prior to [the effective date of this act].

Approved May 18, 2000

CHAPTER NO. 8

[SB 11]

AN ACT EXTENDING THE 1 CENT AVIATION FUEL TAX INCREASE IMPOSED BY CHAPTER 585, LAWS OF 1999; PROVIDING THAT 50 PERCENT OF THE INCREASE COLLECTED FROM PASSENGER AIR CARRIERS BE DEPOSITED IN THE STATE SPECIAL REVENUE FUND TO THE CREDIT OF THE DEPARTMENT OF TRANSPORTATION FOR AIRPORT PAVEMENT PRESERVATION PROJECTS; EXCLUDING FUEL SOLD TO THE FEDERAL DEFENSE FUEL SUPPLY CENTER; AMENDING SECTIONS 15-70-204, 15-70-205, AND 67-1-301, MCA; AND PROVIDING AN IMMEDIATE EFFECTIVE DATE.

Be it enacted by the Legislature of the State of Montana:

Section 1. Section 15-70-204, MCA, is amended to read:

"15-70-204. (Temporary) Gasoline license tax — rate. (1) Every distributor shall pay to the department a license tax for the privilege of engaging in and carrying on business in this state in an amount equal to:

(a) 4 cents for each gallon of aviation fuel, other than fuel sold to the federal defense fuel supply center, which is allocated to the department as provided by 67-1-301; and

(b) 27 cents, beginning July 1, 1994, for each gallon of all other gasoline distributed by the distributor within the state and upon which the gasoline license tax has not been paid by any other distributor.

(2) Gasoline exported may not be included in the measure of the distributor's license tax unless the distributor is not licensed and is not paying the tax to the state the fuel is destined for.

(3) Alcohol that is blended or is to be blended with gasoline to be sold as gasohol is subject to a tax per gallon equal to the license tax imposed on nonaviation gasoline distributors under subsection (1). (Terminates on occurrence of contingency—sec. 17, Ch. 642, L. 1993.)

15-70-204. (Effective on occurrence of contingency) Gasoline license tax — rate. (1) Every distributor shall pay to the department a license

tax for the privilege of engaging in and carrying on business in this state in an amount equal to:

(a) ~~2~~ *3* cents for each gallon of aviation fuel, *other than fuel sold to the federal defense fuel supply center,* which is allocated to the department as provided by 67-1-301; and

(b) 27 cents~~, beginning July 1, 1994,~~ for each gallon of all other gasoline distributed by the distributor within the state and upon which the gasoline license tax has not been paid by any other distributor.

(2) Gasoline exported may not be included in the measure of the distributor's license tax unless the distributor is not licensed and is not paying the tax to the state the fuel is destined for.

(3) Alcohol that is blended or is to be blended with gasoline to be sold as gasohol is subject to a tax per gallon equal to the license tax imposed on nonaviation gasoline distributors under subsection (1)."

Section 2. Section 15-70-205, MCA, is amended to read:

"15-70-205. (Temporary) Distributor's statement and payment — confidentiality. (1) Each distributor shall, not later than the 25th day of each calendar month, except as provided in 15-70-113(3), render a true signed statement to the department of all gasoline distributed and received by the distributor in this state during the preceding calendar month and containing any other information that the department may reasonably require in order to administer the gasoline license tax law. The statement must be accompanied by a payment in an amount equal to the tax imposed by 15-70-204 less any refund credit issued under 15-70-226 and less 1% of the total tax that may be deducted by the distributor as an allowance for collecting the tax. An allowance may not be deducted from the 4-cent tax on aviation fuel.

(2) A distributor engaged in or carrying on a business at more than one place or location in this state may include all places of business in one statement.

(3) The department or a deputy, assistant, agent, clerk, or other employee of the department may not publish or otherwise disseminate information contained in a statement required under this section in a form that allows identification of a distributor or a purchaser of gasoline. This section does not prohibit:

(a) the delivery to a distributor or the distributor's authorized representative of a certified copy of any return or report filed in connection with the tax;

(b) the inspection by the attorney general or other legal representative of the state of the report or return of a distributor who brings an action to set aside

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or review the tax based on the report or return or against whom an action or proceeding has been instituted in accordance with the provisions of Title 15;

(c) the publication of statistics classified to prevent the identification of particular reports or returns and the items in the reports or returns;

(d) the inspection by the commissioner of internal revenue of the United States or the proper officer or any representative of either officer of the report or return of any distributor or the furnishing to the officer or authorized representative of an abstract of the report or return, but permission must be granted or information must be furnished to the officer or the officer's representative if the statutes of the United States or the other state grant substantially similar privileges to the proper officer of this state charged with the administration of this chapter or must be in compliance with 15-70-121 and 15-70-122; or

(e) the compliance of the department with any order of a court of competent jurisdiction. (Terminates on occurrence of contingency—sec. 17, Ch. 642, L. 1993.)

15-70-205. (Effective on occurrence of contingency) Distributor's statement and payment — confidentiality. (1) Each distributor shall, not later than the 25th day of each calendar month, except as provided in 15-70-113(3), render a true signed statement to the department of all gasoline distributed and received by the distributor in this state during the preceding calendar month and containing any other information that the department may reasonably require in order to administer the gasoline license tax law. The statement must be accompanied by a payment in an amount equal to the tax imposed by 15-70-204 less any refund credit issued under 15-70-226 and less 1% of the total tax that may be deducted by the distributor as an allowance for collecting the tax. An allowance may not be deducted from the ~~2-cent~~ *3-cent* tax on aviation fuel.

(2) A distributor engaged in or carrying on a business at more than one place or location in this state may include all places of business in one statement.

(3) The department or a deputy, assistant, agent, clerk, or other employee of the department may not publish or otherwise disseminate information contained in a statement required under this section in a form that allows identification of a distributor or a purchaser of gasoline. This section does not prohibit:

(a) the delivery to a distributor or the distributor's authorized representative of a certified copy of any return or report filed in connection with the tax;

(b) the inspection by the attorney general or other legal representative of the state of the report or return of a distributor who brings an action to set aside

or review the tax based on the report or return or against whom an action or proceeding has been instituted in accordance with the provisions of Title 15;

(c) the publication of statistics classified to prevent the identification of particular reports or returns and the items in the reports or returns;

(d) the inspection by the commissioner of internal revenue of the United States or the proper officer or any representative of either officer of the report or return of any distributor or the furnishing to the officer or authorized representative of an abstract of the report or return, but permission must be granted or information must be furnished to the officer or the officer's representative if the statutes of the United States or the other state grant substantially similar privileges to the proper officer of this state charged with the administration of this chapter or must be in compliance with 15-70-121 and 15-70-122; or

(e) the compliance of the department with any order of a court of competent jurisdiction."

Section 3. Section 67-1-301, MCA, is amended to read:

"67-1-301. (Temporary) Money — receipt and disbursement. (1) All costs and expenses of administering this title, including the salaries of employees of the department engaged in functions pertaining to aeronautics, the expenses of members of the board, and all other disbursements necessary to carry out the purposes of this title, must be paid out of the following revenue:

(a) all gifts and all legislative appropriations to the department for aeronautics;

(b) all money received from any branch or department of the federal government or from other sources for the purposes mentioned in this title or for the furtherance of aeronautics generally in this state.

(2) All money collected under subsection (1) must be deposited in the state treasury to the credit of the department.

(3) When the airport loan program is terminated, any balance of the bond proceeds that is not loaned must remain in the state special revenue fund to be invested, and the income must be used to retire the outstanding debt on the remaining bond proceeds.

(4) (a) The following amounts must be deposited from the proceeds of the 4-cent-a-gallon tax imposed on aviation fuel by 15-70-204(1):

(i) in the state special revenue fund to the credit of the department, an amount equal to the proceeds of 2 cents a gallon collected under 15-70-204(1) for the sole purpose of carrying out its functions pertaining to aeronautics;

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(ii) in the aeronautical loan account created in 67-1-305 to the credit of the department, an amount equal to the proceeds of 1 cent a gallon for loans to local governments and state agencies; and

(iii) in a separate account in the state special revenue fund to the credit of the department:

(A) an amount equal to the proceeds of 1 cent a gallon to provide grants to municipalities for airport development or improvement programs and to provide navigational aids, safety improvements, weather reporting services, and other aeronautical services for airports and landing fields and for the state's airways; and

(B) 25% of the amount collected from scheduled passenger air carriers certified under 14 CFR, part 121 or 135.

(b) Money deposited in the account created in 67-1-305 may, with the approval of the board, be used only to provide loans to local governments and state agencies for aeronautical purposes, including airport improvement. The board shall establish procedures, including the interest rate charged, for providing loans. Proceeds of all repayments of loans, including interest, made under this subsection (4)(b) must be deposited in the account created in 67-1-305.

(c) Money deposited in the separate account established in subsection (4)(a)(iii) may, with the approval of the board, be used only to provide grants to municipalities for airport development or improvement programs and to provide navigational aids, safety improvements, weather reporting services, and other aeronautical services for airports and landing fields and for the state's airways. The board shall establish procedures for the awarding of grants.

(5) Except as provided in 15-70-221, the gasoline license tax imposed by the laws of this state on aviation fuel purchased and used for the operation of airplanes or aircraft may not be refunded.

(6) Of the amount of aviation fuel tax collected from the scheduled passenger air carriers certified under 14 CFR, part 121 or 135, 25% must be deposited in the separate account provided for in 67-1-305 to be used only for pavement preservation on airports served by these air carriers. (Terminates on occurrence of contingency—sec. 17, Ch. 642, L. 1993.)

67-1-301. (Effective on occurrence of contingency) Money — receipt and disbursement. (1) All costs and expenses of administering this title, including the salaries of employees of the department engaged in functions pertaining to aeronautics, the expenses of members of the board, and all other disbursements necessary to carry out the purposes of this title, must be paid out of the following revenue:

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(a) all gifts and all legislative appropriations to the department for aeronautics;

(b) all money received from any branch or department of the federal government or from other sources for the purposes mentioned in this title or for the furtherance of aeronautics generally in this state.

(2) All money collected under subsection (1) must be deposited in the state treasury to the credit of the department.

(3) When the airport loan program is terminated, any balance of the bond proceeds that is not loaned must remain in the state special revenue fund to be invested, and the income must be used to retire the outstanding debt on the remaining bond proceeds.

(4) (a) The following amounts must be deposited from the proceeds of the ~~2-cent-per-gallon~~ *3-cent-a-gallon* tax imposed on aviation fuel by 15-70-204(1):

(i) in the state special revenue fund to the credit of the department, an amount equal to the proceeds of ~~1 cent~~ *2 cents* a gallon collected under 15-70-204(1) for the sole purpose of carrying out its functions pertaining to aeronautics; and

(ii) in a separate account in the state special revenue fund to the credit of the department~~;~~*:*

(A) an amount equal to the proceeds of 1 cent a gallon for grants to municipalities and for other aeronautical purposes as provided in subsection (4)(b)*; and*

(B) 25% of the amount collected from scheduled passenger air carriers certified under 14 CFR, part 121 or 135.

(b) Money deposited in the separate account established in subsection (4)(a)(ii) may, with the approval of the board, be used only to provide grants to municipalities for airport development or improvement programs and to provide navigational aids, safety improvements, weather reporting services, and other aeronautical services for airports and landing fields and for the state's airways. The board shall establish procedures for the awarding of grants.

(5) Except as provided in 15-70-221, the gasoline license tax imposed by the laws of this state on aviation fuel purchased and used for the operation of airplanes or aircraft may not be refunded.

(6) Of the amount of aviation fuel tax collected from the scheduled passenger air carriers certified under 14 CFR, part 121 or 135, 25% must be deposited in the separate account provided for in 67-1-305 to be used only for pavement preservation on airports served by these air carriers."

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Section 4. Effective date. [This act] is effective on passage and approval.

Approved May 18, 2000

CHAPTER NO. 9
[HB 7]

AN ACT REPEALING STATE INHERITANCE TAXES; PROVIDING THAT STATE ESTATE AND GENERATION-SKIPPING TAXES APPLY TO THE EXTENT OF THE APPLICABLE FEDERAL CREDIT FOR EACH TAX; PROVIDING THAT THE PROPOSED ACT BE SUBMITTED TO THE QUALIFIED ELECTORS OF MONTANA; AMENDING SECTIONS 7-4-2613, 7-7-4607, 7-14-4654, 15-1-211, 15-1-406, 15-1-501, 15-1-503, 15-30-136, 17-5-718, 17-5-930, 17-5-1518, 17-5-1629, 35-21-827, 60-11-1110, 60-11-1210, 72-1-103, 72-3-607, 72-3-618, 72-3-631, 72-3-807, 72-3-1004, 72-3-1006, 72-3-1104, 72-16-215, 72-16-502, 72-16-503, 72-16-903, 72-16-904, 72-16-905, 72-16-907, 72-16-909, 72-16-1007, 80-12-305, AND 90-6-125, MCA; REPEALING SECTIONS 72-4-304, 72-14-303, 72-16-101, 72-16-102, 72-16-201, 72-16-203, 72-16-204, 72-16-205, 72-16-206, 72-16-207, 72-16-208, 72-16-209, 72-16-210, 72-16-211, 72-16-212, 72-16-213, 72-16-214, 72-16-216, 72-16-218, 72-16-301, 72-16-302, 72-16-303, 72-16-304, 72-16-305, 72-16-306, 72-16-307, 72-16-308, 72-16-311, 72-16-312, 72-16-313, 72-16-314, 72-16-315, 72-16-316, 72-16-317, 72-16-318, 72-16-319, 72-16-321, 72-16-322, 72-16-323, 72-16-331, 72-16-332, 72-16-333, 72-16-334, 72-16-335, 72-16-336, 72-16-337, 72-16-338, 72-16-339, 72-16-340, 72-16-341, 72-16-342, 72-16-343, 72-16-344, 72-16-345, 72-16-346, 72-16-347, 72-16-348, 72-16-349, 72-16-401, 72-16-402, 72-16-403, 72-16-411, 72-16-412, 72-16-413, 72-16-414, 72-16-415, 72-16-416, 72-16-417, 72-16-418, 72-16-419, 72-16-420, 72-16-421, 72-16-422, 72-16-423, 72-16-424, 72-16-425, 72-16-431, 72-16-432, 72-16-433, 72-16-434, 72-16-435, 72-16-436, 72-16-437, 72-16-438, 72-16-439, 72-16-440, 72-16-441, 72-16-442, 72-16-443, 72-16-445, 72-16-446, 72-16-447, 72-16-448, 72-16-449, 72-16-450, 72-16-451, 72-16-452, 72-16-453, 72-16-454, 72-16-455, 72-16-456, 72-16-457, 72-16-458, 72-16-459, 72-16-460, 72-16-461, 72-16-462, 72-16-463, 72-16-464, 72-16-465, 72-16-471, 72-16-472, 72-16-473, 72-16-474, 72-16-475, 72-16-476, 72-16-477, 72-16-478, 72-16-479, 72-16-480, 72-16-481, 72-16-482, 72-16-491, 72-16-492, 72-16-493, 72-16-504, 72-16-505, 72-16-701, 72-16-702, 72-16-703, 72-16-704, 72-16-705, 72-16-706, 72-16-801, 72-16-802, 72-16-803, 72-16-804, 72-16-805, AND 72-16-902, MCA; AND PROVIDING AN EFFECTIVE DATE AND AN APPLICABILITY DATE.

Be it enacted by the Legislature of the State of Montana:

Section 1. Section 7-4-2613, MCA, is amended to read:

"7-4-2613. Documents subject to recording. The county clerk shall, upon the payment of the appropriate fees, record by printing, typewriting, or

photographic, micrographic, or electronic process or by the use of prepared blank forms:

(1) (a) subject to subsection (1)(b), deeds, grants, transfers, certified copies of final judgments or decrees partitioning or affecting the title or possession of real property any part of which is situated in the county, contracts to sell or convey real estate and mortgages of real estate, releases of mortgages, powers of attorney to convey real estate, leases that have been acknowledged or proved, and abstracts of the instruments that have been acknowledged or proved;

(b) an instrument or deed evidencing either a division of real property or a merger of real property only if the instrument or deed is accompanied by a certification from the county treasurer that taxes and special assessments that have been assessed and levied have been paid;

(2) notices of buyer's interest in real property, notwithstanding any other requirement of law or rule relating to eligibility for recording of the deed, contract for deed, or other document relating to the notice of buyer's interest. However, if the instrument of conveyance underlying a notice of buyer's interest would be unrecordable, the clerk and recorder shall notify the buyer by certified mail that the underlying instrument is unrecordable and may be void;

(3) except as provided in 72-16-503, a document on a form provided by the department of revenue certifying that the holder of a nonprobate interest in real property is deceased and that the deceased's interest is terminated. A nonprobate interest in real property is a joint tenancy interest, a life estate interest, or any other interest not requiring probate. The document may be on the form used by the department of revenue for responding to the application for determination of ~~inheritance or~~ estate tax. It must contain:

(a) a statement that the holder of the nonprobate interest has died and that the holder's interest in the property is terminated;

(b) a certification by the county treasurer that the ~~inheritance or~~ estate tax, if any tax was due, has been paid or that ~~inheritance or~~ estate tax was not due;

(c) a description of the property;

(4) certificates of births and deaths;

(5) wills devising real estate admitted to probate;

(6) official bonds;

(7) transcripts of judgments that by law are made liens upon real estate;

(8) instruments describing or relating to the individual property of married persons;

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(9) all orders and decrees made by the district court in probate matters affecting real estate and that are required to be recorded;

(10) notice of preemption claims;

(11) notice and declaration of water rights;

(12) assignments for the benefit of creditors;

(13) affidavits of annual work done on mining claims;

(14) notices of mining locations and declaratory statements;

(15) estrays and lost property;

(16) a book containing appraisement of state lands; and

(17) other writings that are required or permitted by law to be recorded."

Section 2. Section 7-7-4607, MCA, is amended to read:

"7-7-4607. Exemption from certain taxes for refunding revenue bonds. ~~The refunding~~ *Refunding* bonds *issued pursuant to this part* and the income ~~therefrom shall be~~ *from those bonds are* exempt from taxation, except ~~inheritance,~~ estate~~, and transfer~~ taxes."

Section 3. Section 7-14-4654, MCA, is amended to read:

"7-14-4654. Exemption from certain state taxes. ~~All such revenue~~ *Revenue* bonds *issued pursuant to this part* and the interest or income ~~therefrom~~ *from those bonds* are exempt from all taxation in this state, other than ~~gift, inheritance, and~~ estate taxes."

Section 4. Section 15-1-211, MCA, is amended to read:

"15-1-211. Uniform dispute review procedure — notice — appeal. (1) The department ~~of revenue~~ shall provide a uniform review procedure for all persons or other entities, except as provided in subsection (1)(a).

(a) The department's dispute review procedure must be adopted by administrative rule and applies to all matters administered by the department and to all issues arising from the administration of the department, except ~~inheritance taxes,~~ estate taxes, property taxes, and the issue of whether an employer-employee relationship existed between the person or other entity and individuals subjecting the person or other entity to the requirements of chapter 30, part 2, or whether the employment relationship was that of an independent contractor. The procedure applies to assessments of centrally assessed property taxed pursuant to chapter 23.

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(b) (i) The term "other entity", as used in this section, includes all businesses, corporations, and similar enterprises.

(ii) The term "person" as used in this section includes all individuals.

(2) (a) Persons or other entities having a dispute with the department have the right to have the dispute resolved by appropriate means, including consideration of alternative dispute resolution procedures such as mediation.

(b) The department shall establish a dispute resolution office to resolve disputes between the department and persons or other entities.

(c) Disputes must be resolved by a final department decision within 180 days of the referral to the dispute resolution office, unless extended by mutual consent of the parties. If a final department decision is not issued within the required time period, the remedy is an appeal to the appropriate forum as provided by law.

(3) (a) The department shall provide written notice to a person or other entity advising them of a dispute over matters administered by the department.

(b) The person or other entity shall have the opportunity to resolve the dispute with the department employee who is responsible for the notice, as indicated on the notice.

(c) If the dispute cannot be resolved, either the department or the other party may refer the dispute to the dispute resolution office.

(d) The notice must advise the person or other entity of their opportunity to resolve the dispute with the person responsible for the notice and their right to refer the dispute to the dispute resolution office.

(4) Written notice must be sent to the persons or other entities involved in a dispute with the department indicating that the matter has been referred to the dispute resolution office. The written notice must include:

(a) a summary of the department's position regarding the dispute;

(b) an explanation of the right to the resolution of the dispute with a clear description of all procedures and options available;

(c) the right to obtain a final department decision within 180 days of the date that the dispute was referred to the dispute resolution office;

(d) the right to appeal should the department fail to meet the required deadline for issuing a final department decision; and

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(e) the right to have the department consider alternative dispute resolution methods, including mediation.

(5) The department shall:

(a) develop guidelines that must be followed by employees of the department in dispute resolution matters;

(b) develop policies concerning the authority of an employee to resolve disputes; and

(c) establish procedures for reviewing and approving disputes resolved by an employee or the dispute resolution office.

(6) (a) (i) The director of revenue or the director's designee is authorized to enter into an agreement with a person or other entity relating to a matter administered by the department.

(ii) The director or the director's designee has no authority to bind a future legislature through the terms of an agreement.

(b) Subject to subsection (6)(a)(ii), an agreement under the provisions of subsection (6)(a)(i) is final and conclusive, and, except upon a showing of fraud, malfeasance, or misrepresentation of a material fact:

(i) the agreement may not be reopened as to matters agreed upon or be modified by any officer, employee, or agent of this state; and

(ii) in any suit, action, or proceeding under the agreement or any determination, assessment, collection, payment, abatement, refund, or credit made in accordance with the agreement, the agreement may not be annulled, modified, set aside, or disregarded."

Section 5. Section 15-1-406, MCA, is amended to read:

"15-1-406. Declaratory judgment. (1) An aggrieved taxpayer may bring a declaratory judgment action in the district court seeking a declaration that:

(a) an administrative rule or method or procedure of assessment or imposition of tax adopted or used by the department ~~of revenue~~ is illegal or improper; or

(b) a tax authorized by the state or one of its subdivisions was illegally or unlawfully imposed or exceeded the taxing authority of the entity imposing the tax.

(2) The action must be brought within 90 days of the date the notice of the tax due was sent to the taxpayer or, in the case of an assessment covered by the uniform dispute review procedure set forth in 15-1-211, within 90 days of the

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date of the department director's final decision. The court shall consolidate all actions brought under subsection (1) that challenge the same tax. The decision of the court applies to all similarly situated taxpayers, except those taxpayers who are excluded under 15-1-407.

(3) The taxes that are being challenged under this section must be paid under protest when due as a condition of continuing the action. Property taxes are paid under protest as provided in 15-1-402. All other taxes administered by the department, except ~~inheritance and~~ estate taxes, are paid under protest by filing timely claims for refund and by following the uniform dispute review procedures of 15-1-211. ~~Inheritance and estate taxes are paid under protest by following the procedures set forth in Title 72.~~ *Estate taxes are paid under protest by following the procedures set forth in Title 72.*

(4) The remedy authorized by this section may not be used to challenge the:

(a) market value of property under a property tax unless the challenge is to the legality of a particular methodology that is being applied to similarly situated taxpayers; or

(b) legality of a tax other than a property tax~~, inheritance tax,~~ or ~~estate~~ tax unless the review pursuant to 15-1-211 has been completed.

(5) The remedy authorized by this section is the exclusive method of obtaining a declaratory judgment concerning a tax authorized by the state or one of its subdivisions. The remedy authorized by this section supersedes the Uniform Declaratory Judgments Act established in Title 27, chapter 8. This section does not affect actions for declaratory judgments under 2-4-506."

Section 6. Section 15-1-501, MCA, is amended to read:

"15-1-501. Disposition of money from certain designated license and other taxes. (1) The state treasurer shall deposit to the credit of the state general fund in accordance with the provisions of subsection (3) all money received from the collection of:

(a) income taxes, interest, and penalties collected under chapter 30;

(b) except as provided in 15-31-702, all taxes, interest, and penalties collected under chapter 31;

(c) oil and natural gas production taxes allocated under 15-36-324(8)(a) and (10)(a);

(d) electrical energy producer's license taxes under chapter 51;

(e) [an amount equal to 25% of] the retail telecommunications excise tax collected under Title 15, chapter 53, part 1;

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(f) liquor license taxes under Title 16;

(g) fees from driver's licenses, motorcycle endorsements, and duplicate driver's licenses as provided in 61-5-121;

(h) ~~inheritance and~~ estate taxes under Title 72, chapter 16; and

(i) fees based on the value of currency on deposit and tangible personal property held for safekeeping by a foreign capital depository as provided in 15-31-803.

(2) The department ~~of revenue~~ shall also deposit to the credit of the state general fund all money received from the collection of license taxes and fees and all net revenue and receipts from all other sources under the operation of the Montana Alcoholic Beverage Code.

(3) Notwithstanding any other provision of law, the distribution of tax revenue must be made according to the provisions of the law governing allocation of the tax that were in effect for the period in which the tax revenue was recorded for accounting purposes. Tax revenue must be recorded as prescribed by the department of administration, pursuant to 17-1-102(2) and (4), in accordance with generally accepted accounting principles.

(4) All refunds of taxes must be attributed to the funds in which the taxes are currently being recorded. All refunds of interest and penalties must be attributed to the funds in which the interest and penalties are currently being recorded."

Section 7. Section 15-1-503, MCA, is amended to read:

"15-1-503. Refund of overpayment — procedure. (1) When there has been an overpayment of the ~~inheritance~~ *estate* tax collected by county treasurers or any other tax collected by the department ~~of revenue~~ and there is no law providing for a refund, the department shall refund the amount of the overpayment to the taxpayer, plus any interest and penalty due the taxpayer, as provided in subsection (2) ~~of this section~~.

(2) ~~No~~ *A* refund or payment ~~shall be~~ *is not* allowed unless a claim is filed by the taxpayer before the expiration of 5 years from the time *that* the tax was paid. Within 6 months after the claim is filed, the department shall examine the claim and either approve or disapprove it. If the claim is approved, the credit or refund ~~shall~~ *must* be made to the taxpayer within 60 days after the claim is approved;. ~~if~~ *If* the claim is disallowed, the department shall ~~so~~ notify the taxpayer and shall grant a hearing on the claim. If the department disapproves a claim after holding a hearing, the determination of the department may be reviewed as provided by 15-30-148."

Section 8. Section 15-30-136, MCA, is amended to read:

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"15-30-136. Computation of income of estates or trusts — exemption. (1) Except as otherwise provided in this chapter, "gross income" of estates or trusts means all income from whatever source derived in the ~~taxable~~ *tax* year, including but not limited to the following items:

(a) dividends;

(b) interest received or accrued, including interest received on obligations of another state or territory or a county, municipality, district, or other political subdivision of the state, but excluding interest income from obligations of:

(i) the United States government or the state of Montana;

(ii) a school district; or

(iii) a county, municipality, district, or other political subdivision of the state;

(c) income from partnerships and other fiduciaries;

(d) gross rents and royalties;

(e) gain from sale or exchange of property, including those gains that are excluded from gross income for federal fiduciary income tax purposes by section 641(c) of the Internal Revenue Code of 1954, as amended;

(f) gross profit from trade or business; and

(g) refunds recovered on federal income tax, to the extent *that* the deduction of the tax resulted in a reduction of Montana income tax liability.

(2) In computing net income, there are allowed as deductions:

(a) interest expenses deductible for federal tax purposes according to section 163 of the Internal Revenue Code of 1954, as amended;

(b) taxes paid or accrued within the ~~taxable~~ *tax* year, including but not limited to federal income tax, but excluding Montana income tax;

(c) that fiduciary's portion of depreciation or depletion ~~which~~ *that* is deductible for federal tax purposes according to sections 167, 611, and 642 of the Internal Revenue Code of 1954, as amended;

(d) charitable contributions that are deductible for federal tax purposes according to section 642(c) of the Internal Revenue Code of 1954, as amended;

(e) administrative expenses claimed for federal income tax purposes, according to sections 212 and 642(g) of the Internal Revenue Code of 1954, as

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amended~~, if the expenses were not claimed as a deduction in the determination of Montana inheritance tax~~;

(f) losses from fire, storm, shipwreck, or other casualty or from theft, to the extent not compensated for by insurance or otherwise, that are deductible for federal tax purposes according to section 165 of the Internal Revenue Code of 1954, as amended;

(g) net operating loss deductions allowed for federal income tax under section 642(d) of the Internal Revenue Code of 1954, as amended, except estates may not claim losses that are deductible on the decedent's final return;

(h) Montana income tax refunds or tax refund credits.

(3) The following additional deductions are allowed in deriving taxable income of estates and trusts:

(a) any amount of income for the ~~taxable~~ *tax* year currently required to be distributed to beneficiaries for the year;

(b) any other amounts properly paid or credited or required to be distributed for the ~~taxable~~ *tax* year.

(4) The exemption allowed for estates and trusts is that exemption provided in 15-30-112(2)(a) and (6)."

Section 9. Section 17-5-718, MCA, is amended to read:

"17-5-718. Tax exemption of bonds — legal investments. (1) All bonds or notes issued under this part, their transfer, and their income, including any profits made on their sale, are exempt from taxation by the state or any political ~~subdivisions~~ *subdivision* or other instrumentality of the state, ~~excepting inheritance,~~ *except for* estate~~, and gift~~ taxes.

(2) Bonds or notes issued under this part are legal investments for any person or board charged with investment of public funds and are acceptable as security for any deposit of public money."

Section 10. Section 17-5-930, MCA, is amended to read:

"17-5-930. Tax exemption of bonds — legal investments. (1) All bonds issued under this part, their transfer, and their income, including any profits made on their sale, are exempt from taxation by the state or any political subdivision or other instrumentality of the state, ~~excepting inheritance,~~ *except for* estate~~, and gift~~ taxes.

(2) Bonds issued under this part are legal investments for any person or board charged with investment of public funds and are acceptable as security for any deposit of public money."

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Section 11. Section 17-5-1518, MCA, is amended to read:

"17-5-1518. Tax exemption of bonds. Bonds, notes, or other obligations issued by the board under this part and their transfer and income (including any profits made on their sale) are free from taxation by the state or any political subdivision or other instrumentality of the state, except for ~~inheritance,~~ estate~~, and gift~~ taxes. The board is not required to pay recording or transfer fees or taxes on instruments recorded by it."

Section 12. Section 17-5-1629, MCA, is amended to read:

"17-5-1629. Tax exemption of bonds. Bonds, notes, or other obligations issued by the board under this part, their transfer, and their income (including any profits made on their sale) are free from taxation by the state or any political subdivision or other instrumentality of the state, ~~excepting inheritance,~~ *except for* estate~~, and gift~~ taxes. The board is not required to pay recording or transfer fees or taxes on instruments recorded by it."

Section 13. Section 35-21-827, MCA, is amended to read:

"35-21-827. Property interests in plot — ~~inheritance~~ *estate* tax. (1) All plots conveyed to individuals are presumed to be the sole and separate property of the owner named in the instrument of conveyance.

(2) The spouse of an owner of a plot containing more than one interment space has a vested right to be interred in the plot, and a person becoming the spouse of the plot owner has a vested right to be interred in the plot if an interment space not subject to the vested right of interment for previous spouses is unoccupied at the time that the person becomes the spouse of the owner.

(3) A conveyance or other action of the owner without the written consent or joinder of the spouse of the owner may not divest the spouse of a vested right of interment, except that a final decree of dissolution of marriage between the owner and the spouse terminates the vested right of interment unless otherwise provided in the decree.

(4) If an interment is not made in a plot that has been transferred by deed or certificate of ownership to an individual owner or if all remains previously interred in the plot are lawfully removed, the plot descends upon the death of the owner to the owner's heirs-at-law, subject to the rights of interment of the decedent and the owner's surviving spouse unless the owner has disposed of the plot either in a will by a specific devise or by a written declaration filed and recorded in the office of the mausoleum-columbarium authority.

(5) Mausoleum or columbarium property passing to an individual by reason of the death of the owner is exempt from all ~~inheritance~~ *estate* taxes."

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Section 14. Section 60-11-1110, MCA, is amended to read:

"60-11-1110. Tax exemption. Bonds and refunding bonds, their transfer, and their income (including any profits made on their sale) are free from taxation by the state or any political subdivision or instrumentality of the state, except for ~~inheritance and~~ estate taxes."

Section 15. Section 60-11-1210, MCA, is amended to read:

"60-11-1210. Tax exemption. Bonds and refunding bonds, their transfer, and their income (including any profits made on their sale) are free from taxation by the state or any political subdivision or instrumentality of the state, except for ~~inheritance and~~ estate taxes."

Section 16. Section 72-1-103, MCA, is amended to read:

"72-1-103. General definitions. Subject to additional definitions contained in the subsequent chapters that are applicable to specific chapters, parts, or sections and unless the context otherwise requires, in chapters 1 through 5, the following definitions apply:

(1) "Agent" includes an attorney-in-fact under a durable or nondurable power of attorney, an individual authorized to make decisions concerning another's health care, and an individual authorized to make decisions for another under a natural death act.

(2) "Application" means a written request to the clerk for an order of informal probate or appointment under chapter 3, part 2.

(3) "Beneficiary", as it relates to:

(a) a trust beneficiary, includes a person who has any present or future interest, vested or contingent, and also includes the owner of an interest by assignment or other transfer;

(b) a charitable trust, includes any person entitled to enforce the trust;

(c) a beneficiary of a beneficiary designation, refers to a beneficiary of:

(i) an account with POD designation or a security registered in beneficiary form (TOD); or

(ii) any other nonprobate transfer at death; and

(d) a beneficiary designated in a governing instrument, includes a grantee of a deed; a devisee; a trust beneficiary; a beneficiary of a beneficiary designation; a donee; and a person in whose favor a power of attorney or a power held in any individual, fiduciary, or representative capacity is exercised.

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(4) "Beneficiary designation" refers to a governing instrument naming a beneficiary of:

(a) an account with POD designation or a security registered in beneficiary form (TOD); or

(b) any other nonprobate transfer at death.

(5) "Child" includes an individual entitled to take as a child under chapters 1 through 5 by intestate succession from the parent whose relationship is involved and excludes a person who is only a stepchild, a foster child, a grandchild, or any more remote descendant.

(6) (a) "Claims", in respect to estates of decedents and protected persons, includes liabilities of the decedent or protected person, whether arising in contract, in tort, or otherwise, and liabilities of the estate that arise at or after the death of the decedent or after the appointment of a conservator, including funeral expenses and expenses of administration.

(b) The term does not include estate ~~or inheritance~~ taxes or demands or disputes regarding title of a decedent or protected person to specific assets alleged to be included in the estate.

(7) "Clerk" or "clerk of court" means the clerk of the district court.

(8) "Conservator" means a person who is appointed by a court to manage the estate of a protected person.

(9) "Court" means the district court in this state having jurisdiction in matters relating to the affairs of decedents.

(10) "Descendant" of an individual means all of the individual's descendants of all generations, with the relationship of parent and child at each generation being determined by the definition of child and parent contained in this section.

(11) "Devise" when used as a noun means a testamentary disposition of real or personal property and when used as a verb means to dispose of real or personal property by will.

(12) "Devisee" means a person designated in a will to receive a devise. For purposes of chapter 3, in the case of a devise to an existing trust or trustee or to a trustee on trust described by will, the trust or trustee is the devisee and the beneficiaries are not devisees.

(13) "Disability" means cause for a protective order as described by 72-5-409.

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(14) "Distributee" means any person who has received property of a decedent from the decedent's personal representative other than as a creditor or purchaser. A testamentary trustee is a distributee only to the extent of distributed assets or increment ~~thereto~~ *to distributed assets* remaining in the trustee's hands. A beneficiary of a testamentary trust to whom the trustee has distributed property received from a personal representative is a distributee of the personal representative. For purposes of this provision, "testamentary trustee" includes a trustee to whom assets are transferred by will, to the extent of the devised assets.

(15) "Estate" includes the property of the decedent, trust, or other person whose affairs are subject to chapters 1 through 5 as originally constituted and as it exists from time to time during administration.

(16) "Exempt property" means that property of a decedent's estate that is described in 72-2-413.

(17) "Fiduciary" includes a personal representative, guardian, conservator, and trustee.

(18) "Foreign personal representative" means a personal representative appointed by another jurisdiction.

(19) "Formal proceedings" means proceedings conducted before a judge with notice to interested persons.

(20) "Governing instrument" means a deed; will; trust; insurance or annuity policy; account with POD designation; security registered in beneficiary form (TOD); pension, profit-sharing, retirement, or similar benefit plan; instrument creating or exercising a power of appointment or a power of attorney; or dispositive, appointive, or nominative instrument of any similar type.

(21) "Guardian" means a person who has qualified as a guardian of a minor or incapacitated person pursuant to testamentary or court appointment but excludes one who is merely a guardian ad litem.

(22) "Heirs", except as controlled by 72-2-721, means persons, including the surviving spouse and the state, who are entitled under the statutes of intestate succession to the property of a decedent.

(23) "Incapacitated person" has the meaning provided in 72-5-101.

(24) "Informal proceedings" means proceedings conducted without notice to interested persons by the clerk of court for probate of a will or appointment of a personal representative.

(25) "Interested person" includes heirs, devisees, children, spouses, creditors, beneficiaries, and any others having a property right in or claim

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against a trust estate or the estate of a decedent, ward, or protected person. The term also includes persons having priority for appointment as personal representative and other fiduciaries representing interested persons. The meaning as it relates to particular persons may vary from time to time and must be determined according to the particular purposes of and matter involved in any proceeding.

(26) "Issue" of a person means a descendant ~~as defined in subsection (10)~~.

(27) "Joint tenants with the right of survivorship" includes co-owners of property held under circumstances that entitle one or more to the whole of the property on the death of the other or others but excludes forms of co-ownership registration in which the underlying ownership of each party is in proportion to that party's contribution.

(28) "Lease" includes an oil, gas, coal, or other mineral lease.

(29) "Letters" includes letters testamentary, letters of guardianship, letters of administration, and letters of conservatorship.

(30) "Minor" means a person who is under 18 years of age.

(31) "Mortgage" means any conveyance, agreement, or arrangement in which property is used as security.

(32) "Nonresident decedent" means a decedent who was domiciled in another jurisdiction at the time of death.

(33) "Organization" means a corporation, business trust, estate, trust, partnership, joint venture, association, government or governmental subdivision or agency, or any other legal or commercial entity.

(34) "Parent" includes any person entitled to take, or who would be entitled to take if the child died without a will, as a parent under chapters 1 through 5 by intestate succession from the child whose relationship is in question and excludes any person who is only a stepparent, foster parent, or grandparent.

(35) "Payor" means a trustee, insurer, business entity, employer, government, governmental agency or subdivision, or any other person authorized or obligated by law or a governing instrument to make payments.

(36) "Person" means an individual, a corporation, an organization, or other legal entity.

(37) "Personal representative" includes executor, administrator, successor personal representative, special administrator, and persons who perform substantially the same function under the law governing their status. "General personal representative" excludes special administrator.

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(38) "Petition" means a written request to the court for an order after notice.

(39) "Proceeding" includes action at law and suit in equity.

(40) "Property" includes both real and personal property or any interest in that property and means anything that may be the subject of ownership.

(41) "Protected person" has the meaning provided in 72-5-101.

(42) "Protective proceeding" has the meaning provided in 72-5-101.

(43) "Security" includes any note; stock; treasury stock; bond; debenture; evidence of indebtedness; certificate of interest or participation in an oil, gas, or mining title or lease or in payments out of production under such a title or lease; collateral trust certificate; transferable share; voting trust certificate; in general, any interest or instrument commonly known as a security; any certificate of interest or participation; or any temporary or interim certificate, receipt, or certificate of deposit for or any warrant or right to subscribe to or purchase any of the foregoing.

(44) "Settlement", in reference to a decedent's estate, includes the full process of administration, distribution, and closing.

(45) "Special administrator" means a personal representative as described by chapter 3, part 7.

(46) "State" means a state of the United States, the District of Columbia, the Commonwealth of Puerto Rico, or any territory or insular possession subject to the jurisdiction of the United States.

(47) "Successor personal representative" means a personal representative, other than a special administrator, who is appointed to succeed a previously appointed personal representative.

(48) "Successors" means persons, other than creditors, who are entitled to property of a decedent under the decedent's will or chapters 1 through 5.

(49) "Supervised administration" refers to the proceedings described in chapter 3, part 4.

(50) "Survive" means that an individual has neither predeceased an event, including the death of another individual, nor is considered to have predeceased an event under 72-2-114 or 72-2-712. The term includes its derivatives, such as "survives", "survived", "survivor", and "surviving".

(51) "Testacy proceeding" means a proceeding to establish a will or determine intestacy.

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(52) "Testator" includes an individual of either sex.

(53) "Trust" includes an express trust, private or charitable, with additions ~~thereto~~ *to the trust*, wherever and however created. The term also includes a trust created or determined by judgment or decree under which the trust is to be administered in the manner of an express trust. The term excludes other constructive trusts and excludes resulting trusts; conservatorships; personal representatives; trust accounts as defined in 72-6-111 and Title 72, chapter 6, parts 2 and 3; custodial arrangements pursuant to chapter 26 ~~of this title~~; business trusts providing for certificates to be issued to beneficiaries; common trust funds; voting trusts; security arrangements; liquidation trusts; trusts for the primary purpose of paying debts, dividends, interest, salaries, wages, profits, pensions, or employee benefits of any kind; and any arrangement under which a person is nominee or escrowee for another.

(54) "Trustee" includes an original, additional, or successor trustee, whether or not appointed or confirmed by court.

(55) "Ward" means an individual described in 72-5-101.

(56) "Will" includes codicil and any testamentary instrument that merely appoints an executor, revokes or revises another will, nominates a guardian, or expressly excludes or limits the right of an individual or class to succeed to property of the decedent passing by intestate succession."

Section 17. Section 72-3-607, MCA, is amended to read:

"72-3-607. Inventory — appraisal — copy to department of revenue. (1) ~~Within~~ *If the estate must file a United States estate tax return, within* the time required for the filing of ~~a~~ *the* United States estate tax return plus any extensions granted by the internal revenue service, a personal representative, who is not a special administrator or a successor to another representative who has previously discharged this duty, shall prepare and file or mail an inventory~~,~~. ~~which~~ *The* inventory ~~shall~~ *must* include *a* listing of all property ~~which~~ *that*:

(a) the decedent owned, had an interest in or control over, individually, in common, or jointly, or otherwise had at the time of ~~his~~ *the decedent's* death;

(b) the decedent had possessory or dispository rights over at the time of ~~his~~ death or had disposed of for less than its fair market value within 3 years of ~~his~~ *the decedent's* death; or

(c) was affected by the decedent's death for the purpose of ~~inheritance or~~ estate taxes.

(2) The inventory ~~shall~~ *must* include a statement of the full and true value of the decedent's interest in every item listed in ~~such~~ *the* inventory. In this connection, the personal representative shall appoint one or more qualified and

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disinterested persons to assist ~~him~~ *the personal representative* in ascertaining the fair market value as of the date of the decedent's death of all assets included in the estate. Different persons may be employed to appraise different kinds of assets included in the estate. The names and addresses of any appraiser ~~shall~~ *must* be indicated on the inventory with the item or items ~~he~~ appraised.

(3) The personal representative shall send a copy of the inventory to interested persons who request it, or ~~he~~ *the personal representative* may file the original of the inventory with the court. In any event, a copy of the inventory and statement of value ~~shall~~ *must* be mailed to the department of revenue."

Section 18. Section 72-3-618, MCA, is amended to read:

"72-3-618. Persons dealing with personal representative — protection. (1) A person who in good faith and without notice either assists a personal representative or deals with ~~him~~ *a personal representative* for value is protected as if the personal representative properly exercised ~~his~~ *the personal representative's* power. The fact that a person knowingly deals with a personal representative does not alone require the person to inquire into the existence of a power or the propriety of its exercise. Except for restrictions on powers of supervised personal representatives ~~which~~ *that* are endorsed on letters as provided in 72-3-404(3), ~~no~~ *a* provision in any will or order of court purporting to limit the power of a personal representative is *not* effective except as to persons with actual knowledge ~~thereof~~ *of the provision*.

(2) A person is not bound to see to the proper application of estate assets paid or delivered to a personal representative.

(3) The protection ~~here~~ expressed *in this section* extends to instances in which some procedural irregularity or jurisdictional defect occurred in proceedings leading to the issuance of letters, including a case in which the alleged decedent is found to be alive. The protection ~~here~~ expressed *in this section* is not ~~by~~ *a* substitution for that provided by comparable provisions of the laws relating to commercial transactions and laws simplifying transfers of securities by fiduciaries~~, nor does it in any way limit the provisions of 72-16-432 and 72-16-433~~."

Section 19. Section 72-3-631, MCA, is amended to read:

"72-3-631. Compensation of personal representative. (1) A personal representative is entitled to reasonable compensation for ~~his~~ services. ~~Such~~ *The* compensation ~~shall~~ *may* not exceed 3% of the first $40,000 of the value of the estate as reported for federal estate tax ~~or state inheritance tax~~ purposes~~, whichever is larger,~~ and 2% of the value of the estate in excess of $40,000 as reported for federal estate tax ~~or state inheritance tax~~ purposes~~, whichever is larger~~. However, a personal representative is entitled to a minimum compensation of the lesser of $100 or the value of the gross estate.

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(2) In proceedings conducted for the termination of joint tenancies, the compensation of the personal representative ~~shall~~ *may* not exceed 2% of the interest passing.

(3) In proceedings conducted for the termination of a life estate, the compensation allowed the personal representative ~~shall~~ *may* not exceed 2% of the value of the life estate if it is terminated in connection with a probate or joint tenancy termination. If a life estate is terminated separately, the personal representative's compensation ~~shall~~ *may* not exceed 2% of the value of the estate, except that it ~~shall~~ *may* not be less than $100.

(4) If there is more than one personal representative, only one compensation is allowed.

(5) The court may allow additional compensation for extraordinary services. ~~Such~~ *The* additional compensation ~~shall~~ *may* not be greater than the amount ~~which~~ *that* is allowed for the original compensation.

(6) If the will provides for the compensation of the personal representative and there is no contract with the decedent regarding compensation, the personal representative may renounce the provision before qualifying and be entitled to compensation under the terms of this section. A personal representative also may renounce ~~his~~ *the* right to all or any part of the compensation. A written renunciation of fee may be filed with the court."

Section 20. Section 72-3-807, MCA, is amended to read:

"72-3-807. Classification of claims as to priority of payment. (1) If the applicable assets of the estate are insufficient to pay all claims in full, the personal representative shall make payment in the following order:

(a) costs and expenses of administration;

(b) reasonable funeral expenses and reasonable and necessary medical and hospital expenses of the last illness of the decedent, including compensation of persons attending the decedent;

(c) federal estate and Montana state estate ~~and inheritance~~ taxes;

(d) debt for a current support obligation and past-due support for *the* decedent's children pursuant to a support order as defined in 40-5-201;

(e) debts with preference under federal and Montana law;

(f) other federal and Montana state taxes;

(g) all other claims.

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(2) A preference may not be given in the payment of any claim over any other claim of the same class, and a claim due and payable may not be entitled to a preference over claims not due."

Section 21. Section 72-3-1004, MCA, is amended to read:

"72-3-1004. Closing estate by sworn statement of personal representative. (1) Unless prohibited by order of the court and except for estates being administered in supervised administration proceedings, a personal representative may close an estate by filing with the court no earlier than 6 months after the date of original appointment of a general personal representative for the estate, a verified statement stating that ~~he~~ *the personal representative*, or a prior personal representative ~~whom he has succeeded~~, has:

(a) determined that the time limitation for presentation of creditors' claims has expired;

(b) fully administered the estate of the decedent by making payment, settlement, or other disposition of all claims ~~which~~ *that* were presented, expenses of administration, and estate~~, inheritance,~~ and other death taxes, except as specified in the statement, and that the assets of the estate have been distributed to the persons entitled; if any claims remain undischarged, the statement ~~shall~~ *must* state whether the personal representative has distributed the estate subject to possible liability with the agreement of the distributees~~,~~ or it ~~shall~~ *must* state in detail other arrangements ~~which~~ *that* have been made to accommodate outstanding liabilities; *and*

(c) sent a copy ~~thereof~~ *of the statement* to all distributees of the estate and to all creditors or other claimants of whom ~~he~~ *the personal representative* is aware whose claims are neither paid nor barred and has furnished a full account in writing of ~~his~~ *the* administration to the distributees whose interests are affected ~~thereby; and~~

~~(d) complied with the provisions of 72-3-1006~~ *by the accounting.*

(2) If ~~no~~ proceedings involving the personal representative are *not* pending in the court 1 year after the closing statement is filed, the appointment of the personal representative terminates."

Section 22. Section 72-3-1006, MCA, is amended to read:

"72-3-1006. Certificate or receipt showing taxes paid required to close estate. (1) In all probate proceedings under this code, before final distribution to successors is made and before any petition is granted under 72-3-1001, 72-3-1002, 72-3-1003, or 72-3-1004, there ~~shall~~ *must* have been filed with the clerk:

(a) a certificate from the department of revenue stating that any ~~inheritance~~ *estate* tax due on the assets of the estate has been paid; ~~or~~

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(b) an agreement with the department of revenue for extension of time for payment of ~~inheritance~~ *estate* taxes; or

(c) a receipt from the county treasurer stating that any ~~inheritance~~ *estate* tax due on the assets of the estate has been paid.

(2) This section ~~shall~~ *does* not prohibit ~~such~~ *a* partial distribution ~~as~~ *that* may become necessary in the course of administration."

Section 23. Section 72-3-1104, MCA, is amended to read:

"72-3-1104. Small estates — closing by sworn statement of personal representative. (1) Unless prohibited by order of the court and except for estates being administered by supervised personal representatives, a personal representative may close an estate administered under the summary procedures of 72-3-1103 by filing with the court, at any time after disbursement and distribution of the estate, a verified statement stating that:

(a) to the best knowledge of the personal representative, the value of the entire estate, less liens and encumbrances, did not exceed homestead allowance, exempt property, family allowance, costs and expenses of administration, reasonable funeral expenses, and reasonable, necessary medical and hospital expenses of the last illness of the decedent;

(b) the personal representative has fully administered the estate by payment of ~~inheritance~~ *estate* taxes and by disbursing and distributing it to the persons entitled ~~thereto~~ *to it*; and

(c) the personal representative has sent a copy of the closing statement to all distributees of the estate and to all creditors or other claimants of whom ~~he~~ *the personal representative* is aware whose claims are neither paid nor barred and has furnished a full account in writing of ~~his~~ *the* administration to the distributees whose interests are affected.

(2) If ~~no~~ actions or proceedings involving the personal representative are *not* pending in the court 1 year after the closing statement is filed, the appointment of the personal representative terminates.

(3) A closing statement filed under this section has the same effect as one filed under 72-3-1004."

Section 24. Section 72-16-215, MCA, is amended to read:

"72-16-215. County treasurer — monthly report — payment of collections to state treasurer — interest on unpaid amounts. Between the 1st and 20th days of each month, each county treasurer shall make a report under oath to the department of revenue listing all payments received ~~by him~~ under the ~~inheritance~~ *estate* tax laws during the preceding month and stating

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for what estate, by whom, and when paid. The form of ~~such~~ *the* report ~~shall~~ *must* be prescribed by the department. ~~He~~ *The county treasurer* shall at the same time pay the state treasurer all the payments received ~~by him~~ under the ~~inheritance~~ *estate* tax laws and not previously paid to the state treasurer.~~, and for all such~~ *For* payments collected ~~by him and~~ *but* not paid to the state treasurer within 5 days from the time ~~herein~~ required, ~~he~~ *the county treasurer* shall pay interest at the rate of 10% ~~per annum~~ *a year*."

Section 25. Section 72-16-502, MCA, is amended to read:

"**72-16-502. ~~Determination and payment of tax when no personal representative — procedure — exception~~ *Definition of decedent.*** ~~(1)~~ For the purposes of this ~~section~~ *part*, a decedent is one who dies leaving no property that requires the appointment of a personal representative and who:

~~(a)~~*(1)* was the owner of a life estate that terminated at death; *or*

~~(b)~~*(2)* was the owner of property with another or others as a joint tenant with right of survivorship and not as a tenant in common~~; or~~

~~(c) was the owner of any other interest in property requiring the determination of inheritance tax because of death.~~

~~(2) Except as provided in subsection (6), a remainderman, surviving joint tenant, or other interested party shall, upon the death of a decedent, file with the department of revenue:~~

~~(a) a copy of the death certificate;~~

~~(b) a verified application, in a form prescribed by the department, containing information that the department considers necessary; and~~

~~(c) evidence of the instruments that created the life estate, joint tenancy, or other interest requiring determination of inheritance tax, if required by the department.~~

~~(3) Upon receipt of the application, the department shall:~~

~~(a) stamp the filing date upon the application;~~

~~(b) issue a certificate showing the inheritance tax due, if any;~~

~~(c) affix the certificate to a certified copy of the application and return the certificate and copy to the applicant or the applicant's attorney; and~~

~~(d) affix a copy of the certificate to the original application and keep it on file with the department.~~

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~~(4) The applicant shall pay the inheritance tax determined to the county treasurer for transmittal to the state treasurer. The county treasurer shall issue a receipt for the payment of the tax.~~

~~(5) If disputes arise as to tax computation, they must be resolved as provided under the laws applicable to the determination of inheritance taxes in estates.~~

~~(6) A surviving joint tenant described in 72-16-313(1) or (2) of a decedent whose aggregate value of the interest in the joint property is less than the federal estate tax filing requirement is not required to file under subsection (2).~~"

Section 26. Section 72-16-503, MCA, is amended to read:

"**72-16-503. Additional filings required when real property involved and no representative ~~— release of lien~~.** (1) If an interest in real property is involved under 72-16-502, the applicant shall record with the clerk and recorder of each county in which the real property or any part of the property is located a document containing those matters required by 7-4-2613(3). A surviving joint tenant described in 72-16-313(1) or (2) is not subject to the recording requirements under 7-4-2613(3).

(2) A surviving joint tenant described in 72-16-313(1) or (2) with an interest in real property under 72-16-502 shall record with the clerk and recorder of each county in which the real property is located an acknowledged statement that the holder of the nonprobate interest has died and that the holder's interest in the property is terminated. The acknowledged statement must include a legal description of the real property.

~~(3) The recording of the documents under subsection (1) or (2) constitutes release of any lien for inheritance taxes.~~"

Section 27. Section 72-16-903, MCA, is amended to read:

"**72-16-903. Taxable situs of property.** For the purpose of ~~this~~ *the estate* tax, the *following have* taxable situs ~~of property shall be the same as the taxable situs for inheritance tax purposes~~ *in this state:*

(1) real property located in this state;

(2) tangible personal property located in this state; and

(3) intangible personal property owned by a resident regardless of where it is located."

Section 28. Section 72-16-904, MCA, is amended to read:

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"72-16-904. Estate tax imposed. ~~In addition to the inheritance taxes hereinabove imposed, an~~ *An* estate tax is ~~hereby~~ imposed upon the transfer of the estate of every decedent leaving an estate ~~which~~ *that* is subject to the federal estate tax imposed by the United States of America under the applicable provisions of the Internal Revenue Code and ~~which~~ *that* has, in whole or in part, a taxable situs in this state."

Section 29. Section 72-16-905, MCA, is amended to read:

"72-16-905. Estate tax — how computed. The tax ~~hereby~~ imposed upon the transfer of each ~~such~~ estate ~~shall be~~ *is* equal to the maximum tax credit allowable for state death taxes against the federal estate tax imposed with respect to the portion of the decedent's estate having a taxable situs in this state~~, less the inheritance taxes, if any, due this state, it being~~. *It is* the purpose and intent of this part to impose only ~~such~~ *those* additional taxes ~~hereunder as~~ *that* may be necessary to give this state the full benefit of the maximum tax credit allowable against the federal estate tax imposed with respect to a decedent's estate ~~which~~ *that* has a taxable situs in this state. If only a portion of a decedent's estate has a taxable situs in this state, ~~such~~ *the* maximum tax credit ~~shall~~ *must* be determined by multiplying the entire amount of the credit allowable against the federal estate tax for state death taxes by the percentage ~~which~~ *that* the value of the portion of the decedent's estate ~~which~~ *that* has a taxable situs in this state bears to the value of the entire estate."

Section 30. Section 72-16-907, MCA, is amended to read:

"72-16-907. Department to determine tax — rehearing and appeal — *rulemaking*. (1) *(a)* The department of revenue shall enter an order determining ~~such~~ *the* state estate tax and the amount ~~thereof so~~ due and payable.

~~(2)~~*(b)* Any person ~~in~~ *with an* interest aggrieved by ~~such~~ *the department's* determination ~~shall have the same right to apply for~~ *may appeal the determination to* district court ~~determination and of rehearing and appeal as is now provided for in the determination of inheritance taxes~~.

(2) The department shall adopt rules necessary for the administration and enforcement of this part."

Section 31. Section 72-16-909, MCA, is amended to read:

"72-16-909. When and where tax payable — interest. *(1)* The estate tax ~~shall be~~ *is* payable to the county treasurer of the county in which ~~such~~ *the* estate is being probated ~~in the same manner provided for the payment of inheritance taxes in 72-16-441~~.

(2) If the tax is not paid within 18 months of the death of the decedent, interest must be charged and collected at the rate of 10% a year from the time that the tax accrued, unless because of claims made upon the estate, necessary

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litigation, or other unavoidable cause of delay, the tax is not determined and paid on time. Interest at the rate of 6% must be charged upon the amount of tax due from the time of accrual until the cause of the delay is removed, and after that time, interest at the rate of 10% must be charged.

(3) Litigation to defeat the payment of the tax is not necessary litigation.

(4) When permission has been granted to defer payment of tax under 72-16-910 interest must be charged at the rate of 6% after 1 year from the date of death until the date of payment."

Section 32. Section 72-16-1007, MCA, is amended to read:

"72-16-1007. ~~Applicability of other taxes — rulemaking~~ *Rulemaking*. ~~The provisions of Title 72, chapter 16, parts 1 through 8, relating to the tax on inheritances and transfers, apply to 72-16-1001 through 72-16-1006 unless they are in conflict with this part.~~ The department shall adopt rules necessary for the administration and enforcement of this part."

Section 33. Section 80-12-305, MCA, is amended to read:

"80-12-305. Tax exemption of bonds. Bonds issued by the authority under this chapter and their transfer and income, including any profits made on their sale, are exempt from taxation by the state or any political subdivision or other instrumentality of the state, except for ~~inheritance,~~ estate~~, and gift~~ taxes. The authority is not required to pay recording or transfer fees or taxes on instruments recorded by it."

Section 34. Section 90-6-125, MCA, is amended to read:

"90-6-125. Tax exemption of bonds. Bonds, notes, or other obligations issued by the board under this part or by local housing authorities under Title 7, chapter 15, parts 21, 44, and 45, their transfer, and their income (including any profits made on their sale) ~~shall be~~ *are* free from taxation by the state or any political subdivision or other instrumentality of the state, ~~excepting inheritance,~~ *except for* estate~~, and gift~~ taxes. The board is not required to pay recording or transfer fees or taxes on instruments recorded by it."

Section 35. Code commissioner instruction. The code commissioner shall renumber 72-16-217 as an integral part of Title 50, chapter 15.

Section 36. Repealer. Sections 72-4-304, 72-14-303, 72-16-101, 72-16-102, 72-16-201, 72-16-203, 72-16-204, 72-16-205, 72-16-206, 72-16-207, 72-16-208, 72-16-209, 72-16-210, 72-16-211, 72-16-212, 72-16-213, 72-16-214, 72-16-216, 72-16-218, 72-16-301, 72-16-302, 72-16-303, 72-16-304, 72-16-305, 72-16-306, 72-16-307, 72-16-308, 72-16-311, 72-16-312, 72-16-313, 72-16-314, 72-16-315, 72-16-316, 72-16-317, 72-16-318, 72-16-319, 72-16-321, 72-16-322, 72-16-323, 72-16-331, 72-16-332, 72-16-333, 72-16-334, 72-16-335, 72-16-336, 72-16-337, 72-16-338, 72-16-339, 72-16-340, 72-16-341, 72-16-342, 72-16-343,

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72-16-344, 72-16-345, 72-16-346, 72-16-347, 72-16-348, 72-16-349, 72-16-401, 72-16-402, 72-16-403, 72-16-411, 72-16-412, 72-16-413, 72-16-414, 72-16-415, 72-16-416, 72-16-417, 72-16-418, 72-16-419, 72-16-420, 72-16-421, 72-16-422, 72-16-423, 72-16-424, 72-16-425, 72-16-431, 72-16-432, 72-16-433, 72-16-434, 72-16-435, 72-16-436, 72-16-437, 72-16-438, 72-16-439, 72-16-440, 72-16-441, 72-16-442, 72-16-443, 72-16-445, 72-16-446, 72-16-447, 72-16-448, 72-16-449, 72-16-450, 72-16-451, 72-16-452, 72-16-453, 72-16-454, 72-16-455, 72-16-456, 72-16-457, 72-16-458, 72-16-459, 72-16-460, 72-16-461, 72-16-462, 72-16-463, 72-16-464, 72-16-465, 72-16-471, 72-16-472, 72-16-473, 72-16-474, 72-16-475, 72-16-476, 72-16-477, 72-16-478, 72-16-479, 72-16-480, 72-16-481, 72-16-482, 72-16-491, 72-16-492, 72-16-493, 72-16-504, 72-16-505, 72-16-701, 72-16-702, 72-16-703, 72-16-704, 72-16-705, 72-16-706, 72-16-801, 72-16-802, 72-16-803, 72-16-804, 72-16-805, and 72-16-902, MCA, are repealed.

Section 37. Effective date. This act is effective upon approval by the electorate.

Section 38. Applicability. This act applies to deaths occurring after December 31, 2000.

Section 39. Submission to electorate. This act shall be submitted to the qualified electors of Montana at the general election to be held in November 2000 by printing on the ballot the full title of this act and the following:

[ ] FOR repealing state inheritance taxes.

[ ] AGAINST repealing state inheritance taxes.

CHAPTER NO. 10
[HB 1]

AN ACT IMPLEMENTING THE PROGRAMS THAT WERE NOT FUNDED BECAUSE OF THE INVALIDITY OF THE COAL PRODUCER'S LICENSE TAX BY STATUTORILY APPROPRIATING, FOR THE FISCAL YEARS BEGINNING JULY 1, 2001, AND ENDING JUNE 30, 2005, THE INTEREST INCOME FROM $140 MILLION OF THE COAL SEVERANCE TAX PERMANENT FUND THAT IS DEPOSITED IN THE GENERAL FUND FOR THE COOPERATIVE DEVELOPMENT CENTER, FOR REIMBURSING TAX INCREMENT FINANCING INDUSTRIAL DISTRICTS, FOR THE GROWTH THROUGH AGRICULTURE PROGRAM, FOR BUSINESS RECRUITMENT, EXPORT TRADE ENHANCEMENT, A SMALL BUSINESS INNOVATIVE RESEARCH PROGRAM, A SMALL BUSINESS DEVELOPMENT CENTER, AND THE CERTIFIED COMMUNITIES PROGRAM, AND FOR RESEARCH AND COMMERCIALIZATION PROJECTS; STATUTORILY APPROPRIATING MONEY FOR COMMUNITY WATER AND SEWER PROJECT ENGINEERING WORK FOR EACH BIENNIUM FOR THE PERIOD

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BEGINNING JULY 1, 2001, AND ENDING JUNE 30, 2005; PROVIDING TEMPORARY APPROPRIATIONS TO THE BOARD OF REGENTS AND THE TREASURE STATE ENDOWMENT PROGRAM AND FOR ADMINISTRATIVE EXPENSES OF THE BOARD OF RESEARCH AND COMMERCIALIZATION TECHNOLOGY; PROVIDING A FUND TRANSFER FOR THE CURRENT BIENNIUM FOR RESEARCH AND COMMERCIALIZATION PROJECTS; CLARIFYING THE ALLOCATIONS FOR THE TREASURE STATE ENDOWMENT PROGRAM PROJECTS AUTHORIZED IN CHAPTER 517, LAWS OF 1999; AMENDING SECTIONS 15-35-108, 17-7-502, AND 90-6-710, MCA, AND SECTIONS 2 AND 5, CHAPTER 517, LAWS OF 1999; AND PROVIDING EFFECTIVE DATES, A RETROACTIVE APPLICABILITY DATE, AND TERMINATION DATES.

Be it enacted by the Legislature of the State of Montana:

Section 1. Section 15-35-108, MCA, is amended to read:

"15-35-108. Disposal of severance taxes. Severance taxes collected under this chapter must, in accordance with the provisions of 15-1-501, be allocated as follows:

(1) Fifty percent of total coal severance tax collections is allocated to the trust fund created by Article IX, section 5, of the Montana constitution. The trust fund money must be deposited in the fund established under 17-6-203(6) and invested by the board of investments as provided by law.

(2) Twelve percent of coal severance tax collections is allocated to the long-range building program account established in 17-7-205.

(3) The amount of 8.36% must be credited to an account in the state special revenue fund to be allocated by the legislature for local impacts, county land planning, provision of basic library services for the residents of all counties through library federations and for payment of the costs of participating in regional and national networking, conservation districts, and the Montana Growth Through Agriculture Act. Expenditures of the allocation may be made only from this account. Money may not be transferred from this account to another account other than the general fund. Any unreserved fund balance at the end of each fiscal year must be deposited in the general fund.

(4) The amount of 1.27% must be allocated to a nonexpendable trust fund for the purpose of parks acquisition or management. Income from this trust fund must be appropriated for the acquisition, development, operation, and maintenance of any sites and areas described in 23-1-102.

(5) The amount of 0.95% must be allocated to the debt service fund type to the credit of the renewable resource loan debt service fund.

(6) ~~Beginning July 1, 1997, and ending June 30, 1999, the amount of 0.87% must be allocated to an account in the state special revenue fund for the~~

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~~purpose of protection of works of art in the state capitol and for other cultural and aesthetic projects. Beginning July 1, 1999, the~~ *The* amount of 0.63% must be allocated to a trust fund for the purpose of protection of works of art in the capitol and for other cultural and aesthetic projects. Income from this trust fund must be appropriated for protection of works of art in the state capitol and for other cultural and aesthetic projects.

(7) *(a)* ~~All~~ *Subject to subsection (7)(b), all* other revenue from severance taxes collected under the provisions of this chapter must be credited to the general fund of the state.

(b) The interest income from $140 million of the coal severance tax permanent fund that is deposited in the general fund is statutorily appropriated, as provided in 17-7-502, for the biennium ending June 30, 2001, as follows:

(i) $65,000 to the cooperative development center;

(ii) $1.25 million for the growth through agriculture program provided for in Title 90, chapter 9;

(iii) to the department of commerce:

(A) $350,000 for business recruitment;

(B) $125,000 for a small business development center;

(C) $50,000 for a small business innovative research program;

(D) $425,000 for certified communities;

(E) $200,000 for the Montana manufacturing extension center at Montana state university-Bozeman; and

(F) $300,000 for export trade enhancement; and

(iv) $600,000 to the department of administration for the purpose of reimbursing tax increment financing industrial districts as provided in 7-15-4299. Reimbursement must be made to qualified districts on a proportional basis to the loss of taxable value as a result of Chapter 285, Laws of 1999, and as documented by the department of revenue. This documentation must be provided to the budget director and to the legislative fiscal analyst. The reimbursement may not be used to pay debt service on tax increment bonds to the extent that the bonds are secured by a guaranty, a letter of credit, or a similar arrangement provided by or on behalf of an owner of property within the district."

Section 2. Section 15-35-108, MCA, is amended to read:

"15-35-108. Disposal of severance taxes. Severance taxes collected under this chapter must, in accordance with the provisions of 15-1-501, be allocated as follows:

(1) Fifty percent of total coal severance tax collections is allocated to the trust fund created by Article IX, section 5, of the Montana constitution. The trust fund money must be deposited in the fund established under 17-6-203(6) and invested by the board of investments as provided by law.

(2) Twelve percent of coal severance tax collections is allocated to the long-range building program account established in 17-7-205.

(3) The amount of 8.36% must be credited to an account in the state special revenue fund to be allocated by the legislature for local impacts, county land planning, provision of basic library services for the residents of all counties through library federations and for payment of the costs of participating in regional and national networking, conservation districts, and the Montana Growth Through Agriculture Act. Expenditures of the allocation may be made only from this account. Money may not be transferred from this account to another account other than the general fund. Any unreserved fund balance at the end of each fiscal year must be deposited in the general fund.

(4) The amount of 1.27% must be allocated to a nonexpendable trust fund for the purpose of parks acquisition or management. Income from this trust fund must be appropriated for the acquisition, development, operation, and maintenance of any sites and areas described in 23-1-102.

(5) The amount of 0.95% must be allocated to the debt service fund type to the credit of the renewable resource loan debt service fund.

(6) ~~Beginning July 1, 1997, and ending June 30, 1999, the amount of 0.87% must be allocated to an account in the state special revenue fund for the purpose of protection of works of art in the state capitol and for other cultural and aesthetic projects. Beginning July 1, 1999, the~~ *The* amount of 0.63% must be allocated to a trust fund for the purpose of protection of works of art in the capitol and for other cultural and aesthetic projects. Income from this trust fund must be appropriated for protection of works of art in the state capitol and for other cultural and aesthetic projects.

(7) *(a)* ~~All~~ *Subject to subsections (7)(b) and (7)(c), all* other revenue from severance taxes collected under the provisions of this chapter must be credited to the general fund of the state.

(b) The interest income from $140 million of the coal severance tax permanent fund that is deposited in the general fund is statutorily appropriated, as provided in 17-7-502, on an annual basis as follows:

(i) $65,000 to the cooperative development center;

(ii) $1.25 million for the growth through agriculture program provided for in Title 90, chapter 9;

(iii) to the department of commerce:

(A) $350,000 for business recruitment;

(B) $125,000 for a small business development center;

(C) $50,000 for a small business innovative research program;

(D) $425,000 for certified communities;

(E) $200,000 for the Montana manufacturing extension center at Montana state university-Bozeman; and

(F) $300,000 for export trade enhancement; and

(iv) $600,000 to the department of administration for the purpose of reimbursing tax increment financing industrial districts as provided in 7-15-4299. Reimbursement must be made to qualified districts on a proportional basis to the loss of taxable value as a result of Chapter 285, Laws of 1999, and as documented by the department of revenue. This documentation must be provided to the budget director and to the legislative fiscal analyst. The reimbursement may not be used to pay debt service on tax increment bonds to the extent that the bonds are secured by a guaranty, a letter of credit, or a similar arrangement provided by or on behalf of an owner of property within the district.

(c) Beginning July 1, 2001, there is transferred annually from the interest income referred to in subsection (7)(b) $4.85 million to the research and commercialization expendable trust fund created in 90-3-1002."

Section 3. Section 17-7-502, MCA, is amended to read:

"17-7-502. Statutory appropriations — definition — requisites for validity. (1) A statutory appropriation is an appropriation made by permanent law that authorizes spending by a state agency without the need for a biennial legislative appropriation or budget amendment.

(2) Except as provided in subsection (4), to be effective, a statutory appropriation must comply with both of the following provisions:

(a) The law containing the statutory authority must be listed in subsection (3).

(b) The law or portion of the law making a statutory appropriation must specifically state that a statutory appropriation is made as provided in this section.

(3) The following laws are the only laws containing statutory appropriations: 2-17-105; 3-5-901; 5-13-403; 10-3-203; 10-3-310; 10-3-312; 10-3-314; 10-4-301; 15-1-111; 15-23-706; 15-31-702; 15-34-115; *15-35-108;* 15-36-324; 15-37-117; 15-38-202; 15-65-121; 15-70-101; 16-1-404; 16-1-406; 16-1-411; 17-3-106; 17-3-212; 17-3-222; 17-6-101; 17-7-304; 18-11-112; 19-3-319; 19-6-709; 19-9-702; 19-13-604; 19-17-301; 19-18-512; 19-19-305; 19-19-506; 19-20-604; 20-8-107; 20-26-1503; 22-3-1004; 23-5-136; 23-5-306; 23-5-409; 23-5-610; 23-5-612; 23-5-631; 23-7-301; 23-7-402; 37-43-204; 37-51-501; 39-71-503; 42-2-105; 44-12-206; 44-13-102; 50-4-623; 53-6-703; 53-24-206; 67-3-205; 75-1-1101; 75-5-1108; 75-6-214; 75-11-313; 77-1-505; 80-2-222; 80-4-416; 80-11-518; 81-5-111; 82-11-161; 87-1-513; 90-3-1003; *90-6-710;* and 90-9-306.

(4) There is a statutory appropriation to pay the principal, interest, premiums, and costs of issuing, paying, and securing all bonds, notes, or other obligations, as due, that have been authorized and issued pursuant to the laws of Montana. Agencies that have entered into agreements authorized by the laws of Montana to pay the state treasurer, for deposit in accordance with 17-2-101 through 17-2-107, as determined by the state treasurer, an amount sufficient to pay the principal and interest as due on the bonds or notes have statutory appropriation authority for the payments. *(In subsection (3): pursuant to sec. 7, Ch. 567, L. 1991, the inclusion of 19-6-709 terminates upon death of last recipient eligible for supplemental benefit; pursuant to Ch. 422, L. 1997, the inclusion of 15-1-111 terminates on July 1, 2008, which is the date that section is repealed; pursuant to sec. 10, Ch. 360, L. 1999, the inclusion of 19-20-604 terminates when the amortization period for the teachers' retirement system's unfunded liability is 10 years or less; and pursuant to sec. 4, Ch. 497, L. 1999, the inclusion of 15-38-202 terminates July 1, 2014.)"*

Section 4. Section 90-6-710, MCA, is amended to read:

"90-6-710. Priorities for projects — procedure — rulemaking. *(1) The amount of $425,000 is statutorily appropriated, as provided in 17-7-502, to the department of commerce for each biennium for the period beginning July 1, 2001, and ending June 30, 2005, from the treasure state endowment special revenue account for the purpose of providing communities with grants for engineering work for projects provided for in subsection (3).*

~~(1)~~*(2)* The department of commerce must receive proposals for projects from local governments as defined in 90-6-701(3)(b). The department shall work with a local government in preparing cost estimates for a project. In reviewing project proposals, the department may consult with other state agencies with expertise pertinent to the proposal. The department shall prepare and submit a list containing the recommended projects and the recommended form and amount of financial assistance for each project to the governor, prioritized pursuant to subsection ~~(2)~~ *(3)*. The governor shall review the projects recommended by the department and shall submit a list of recommended projects and the recommended financial assistance to the legislature.

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~~(2)~~*(3)* In preparing recommendations under subsection ~~(1)~~ *(2)*, preference must be given to infrastructure projects based on the following order of priority:

(a) projects that solve urgent and serious public health or safety problems or that enable local governments to meet state or federal health or safety standards;

(b) projects that reflect greater need for financial assistance than other projects;

(c) projects that incorporate appropriate, cost-effective technical design and that provide thorough, long-term solutions to community public facility needs;

(d) projects that reflect substantial past efforts to ensure sound, effective, long-term planning and management of public facilities and that attempt to resolve the infrastructure problem with local resources;

(e) projects that enable local governments to obtain funds from sources other than the funds provided under this part;

(f) projects that provide long-term, full-time job opportunities for Montanans, that provide public facilities necessary for the expansion of a business that has a high potential for financial success, or that maintain the tax base or that encourage expansion of the tax base; and

(g) projects that are high local priorities and have strong community support.

~~(3)~~*(4)* After the review required by subsection ~~(1)~~ *(2)*, the projects must be approved by the legislature.

~~(4)~~*(5)* The department shall adopt rules necessary to implement the treasure state endowment program."

Section 5. Section 2, Chapter 517, Laws of 1999, is amended to read:

"Section 2. Appropriations from treasure state endowment special revenue account. (1) There is appropriated to the department of commerce the interest earnings of the treasure state endowment fund and the money ~~allocated by House Bill No. 260 to be deposited in the treasure state endowment special revenue account~~ *appropriated in [section 7 of this act]* to finance grants authorized by this section.

(2) The funds appropriated in this section must be used by the department to make grants to the local government entities listed in subsection (3) for the described purposes and in amounts not to exceed the amounts set out in subsection (3). The appropriations are subject to the conditions set forth in

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[sections 3 and 4] and this section and described in the treasure state endowment program January 1999 report to the 56th legislature. The legislature, pursuant to 90-6-710, approves the grants listed in subsection (3), in the order indicated in the list of projects. The department shall award funds up to the amounts approved in this section based on the manner of disbursement set forth in [section 4] until available funds are expended. The department shall provide funds not accepted or used by local governments to other local governments whose projects have been authorized for grants as listed in subsection (3). When additional funds become available for the grants listed in subsection (3), they must be awarded to projects as set forth in [section 4]. It is the intent of the legislature that projects numbered 29 through 32 listed in subsection (3) may not receive grant funds until sufficient funds have been deposited in the treasure state endowment special revenue account and are available for that purpose.

(3) The following are the authorized projects for grants in the order of their priority:

Applicant/Project	Matching Grant
1. Harrison Water and Sewer District, Madison County (wastewater)	$500,000
2. Arlee Water and Sewer District, Lake County (wastewater)	500,000
3. Highwood Water and Sewer District, Chouteau County (water)	400,000
4. City of Missoula (wastewater)	500,000
5. City of Thompson Falls (water)	500,000
6. Town of Philipsburg (water)	121,900
7. Town of Ekalaka (wastewater)	87,200
8. Rae Water and Sewer District, Gallatin County (wastewater)	485,850
9. City of Big Timber (wastewater)	500,000
10. City of Glasgow (wastewater, storm drainage)	500,000
11. Corvallis Sewer District, Ravalli County (wastewater)	410,760
12. Town of Boulder (water)	500,000
13. Town of Denton (wastewater)	415,000
14. City of Cut Bank (water)	500,000

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15. Richland County (bridge)	181,155
16. Town of Geraldine (wastewater)	300,000
17. Augusta Water and Sewer District, Lewis and Clark County (wastewater)	500,000
18. City of Havre (water)	303,747
19. Sweet Grass Water and Sewer District, Toole County (wastewater)	213,000
20. Lewis and Clark County (bridge)	500,000
21. Town of Drummond (wastewater)	292,850
22. South Hills Water and Sewer District, Yellowstone County (water)	500,000
23. City of Helena (water)	500,000
24. City of Red Lodge (wastewater)	500,000
25. Town of Chester (water)	220,150
26. Willow Creek Sewer District, Gallatin County (wastewater)	500,000
27. City of Columbia Falls (wastewater)	500,000
28. Lacasa Grande Water and Sewer District, Lewis and Clark County (water)	500,000
29. Elk Meadows Water and Sewer District, Missoula County (water)	210,000
30. City of Harlem (water)	179,311
31. Midvale Water and Sewer District, Lincoln County (water)	374,720
32. City of Shelby (water)	400,000

(4) If sufficient funds are available, this section constitutes a valid obligation of funds to the entities listed in subsection (3) for purposes of encumbering the treasure state endowment special revenue account funds received during the 2001 biennium under 17-7-302 *and the funds appropriated in [section 7 of this act]*. However, a local government's entitlement to receive funds is dependent on the local government's compliance with the conditions described in [section 4] and on the availability of funds.

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(5) If funds deposited in the treasure state endowment special revenue account *and appropriated in [section 7 of this act]* during the biennium ending June 30, 2001, are insufficient to fully fund the projects numbered 1 through 28 in subsection (3) that have satisfied the conditions described in [section 4], these projects will be fully funded from deposits in the treasure state endowment special revenue account made during the biennium ending June 30, 2003, before projects authorized by the 57th legislature in 2001 receive funding from the account."

Section 6. Section 5, Chapter 517, Laws of 1999, is amended to read:

"**Section 5. Contingent voidness.** If House Bill No. 260 is enacted, [section 1] of [this act] is void and references to that section must be stricken. ~~If House Bill No. 260 is not enacted or is invalidated by a final judicial decision, [section 2] of [this act] is void and references to that section must be stricken.~~"

Section 7. Appropriation — fund transfer. (1) There is appropriated from the general fund for the biennium ending June 30, 2001:

(a) $4.4 million to the board of regents to be used for matching funds for EPSCor grants;

(b) $3 million to the treasure state endowment program provided for in Title 90, chapter 6, part 7; and

(c) $150,000 to the board of research and commercialization technology for administrative expenses.

(2) There is transferred $2.35 million from the general fund to the research and commercialization expendable trust fund created in 90-3-1002.

Section 8. Effective dates. (1) Except as provided in subsection (2), [this act] is effective on passage and approval.

(2) [Sections 2 and 4] are effective July 1, 2001.

Section 9. Retroactive applicability. [Section 6] applies retroactively, within the meaning of 1-2-109, to July 1, 1999.

Section 10. Termination. (1) [Section 1] terminates June 30, 2001.

(2) [Sections 2 through 4] terminate June 30, 2005.

Approved May 22, 2000

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CHAPTER NO. 11
[HB 4]

AN ACT PROVIDING FOR A REDUCTION IN PROPERTY TAXES BY INCREASING DIRECT STATE AID TO SCHOOL DISTRICTS FROM 41.8 PERCENT TO 44.7 PERCENT; PROVIDING INCREASED STATE FUNDING OF BASIC AND PER-ANB ENTITLEMENTS; ELIMINATING THE PROPERTY TAX EXEMPTION FROM MARKET VALUE FOR CERTAIN LAND BEGINNING TAX YEAR 2002; CLARIFYING THAT THE AMOUNT OF MOTOR VEHICLE DISPOSITION ATTRIBUTABLE TO CERTAIN LEVIES IS A LOCAL GOVERNMENT REIMBURSEMENT; CLARIFYING THAT ANTICIPATED REVENUE RECEIVED DURING THE SCHOOL FISCAL YEAR INCLUDES REIMBURSEMENTS FROM LIGHT VEHICLE TAXES RECEIVED DURING FISCAL YEAR 1999; AUTHORIZING DISTRIBUTION OF REVENUE RECEIVED ACCORDING TO THE PRIOR YEAR'S MILL LEVIES; PROVIDING AN APPROPRIATION; RESERVING $37 MILLION OF GENERAL FUND MONEY TO BE USED DURING THE BIENNIUM BEGINNING JULY 1, 2001, TO FULFILL THE LEGISLATURE'S OBLIGATION TO PROVIDE ALTERNATIVE FUNDING FOR LOCAL GOVERNMENTS AS CONTEMPLATED IN SECTIONS 167 AND 168, CHAPTER 584, LAWS OF 1999; AMENDING SECTIONS 15-6-136, 15-6-138, 15-6-201, 15-7-111, 15-8-111, 15-10-420, 20-9-141, 20-9-306, 20-9-367, 20-9-368, AND 61-3-509, MCA, AND SECTIONS 167 AND 169, CHAPTER 584, LAWS OF 1999; AND PROVIDING EFFECTIVE DATES AND APPLICABILITY DATES.

Be it enacted by the Legislature of the State of Montana:

Section 1. Section 15-6-136, MCA, is amended to read:

"15-6-136. (Temporary) Class six property — description — taxable percentage. (1) Class six property includes:

(a) livestock that are not exempt under 15-6-201~~(1)(cc)~~*(1)(bb)* and other species of domestic animals and wildlife raised in domestication or a captive environment, except for cats, dogs, and other household pets not raised for profit;

(b) items of personal property intended for rent or lease in the ordinary course of business if each item of personal property satisfies all of the following:

(i) the acquired cost of the personal property is less than $15,000;

(ii) the personal property is owned by a business whose primary business income is from rental or lease of personal property to individuals when no one customer of the business accounts for more than 10% of the total rentals or leases during a calendar year;

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(iii) the lease of the personal property is generally on an hourly, daily, or weekly basis; and

(c) machinery and equipment used in canola seed oil processing facilities if:

(i) the operators of those facilities employ a minimum of 15 full-time employees; and

(ii) a canola seed oil processing facility locates in the state of Montana after July 25, 1989; and

(d) machinery and equipment used in a malting barley facility.

(2) "Canola seed oil processing facility" means a facility that:

(a) extracts oil from canola seeds, refines the crude oil to produce edible oil, formulates and packages the edible oil into food products, or engages in any one or more of those processes; and

(b) employs at least 15 employees in a full-time capacity.

(3) "Malting barley facility" means a facility and integral machinery and equipment used principally to malt malting barley and includes machinery and equipment to mix, blend, transport, transfer, or process the barley and malt at the facility.

(4) Class six property is taxed at:

(a) 4% of its market value for tax years ending on or before December 31, 1999;

(b) 3% of its market value for tax year 2000;

(c) 2% of its market value for tax year 2001; and

(d) 1% of its market value for tax year 2002. (Repealed effective January 1, 2003—secs. 27, 31, Ch. 285, L. 1999.)"

Section 2. Section 15-6-138, MCA, is amended to read:

"15-6-138. (Temporary) Class eight property — description — taxable percentage. (1) Class eight property includes:

(a) all agricultural implements and equipment that are not exempt under 15-6-201~~(1)(cc)~~*(1)(bb)*;

(b) all mining machinery, fixtures, equipment, tools that are not exempt under 15-6-201(1)(r), and supplies except those included in class five;

(c) all oil and gas production machinery, fixtures, equipment, including pumping units, oil field storage tanks, water storage tanks, water disposal injection pumps, gas compressor and dehydrator units, communication towers, gas metering shacks, treaters, gas separators, water flood units, gas boosters, and similar equipment that is skidable, portable, or movable, tools that are not exempt under 15-6-201(1)(r), and supplies except those included in class five;

(d) all manufacturing machinery, fixtures, equipment, tools that are not exempt under 15-6-201(1)(r) or ~~(1)(cc)~~ *(1)(bb)*, and supplies except those included in class five;

(e) all goods and equipment that are intended for rent or lease, except goods and equipment that are specifically included and taxed in another class;

(f) special mobile equipment as defined in 61-1-104;

(g) furniture, fixtures, and equipment, except that specifically included in another class, used in commercial establishments as defined in this section;

(h) x-ray and medical and dental equipment;

(i) citizens' band radios and mobile telephones;

(j) radio and television broadcasting and transmitting equipment;

(k) cable television systems;

(l) coal and ore haulers;

(m) theater projectors and sound equipment; and

(n) all other property that is not included in any other class in this part, except that property that is subject to a fee in lieu of a property tax.

(2) As used in this section, "coal and ore haulers" means nonhighway vehicles that exceed 18,000 pounds per axle and that are primarily designed and used to transport coal, ore, or other earthen material in a mining or quarrying environment.

(3) "Commercial establishment" includes any hotel; motel; office; petroleum marketing station; or service, wholesale, retail, or food-handling business.

(4) Class eight property is taxed at:

(a) 6% of its market value for tax years beginning after December 31, 1997; and

(b) 3% of its market value for tax years beginning after December 31, 1999.

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(5) (a) If, in any year beginning with tax year 2004, the percentage growth in inflation-adjusted Montana wage and salary income, in the last full year for which data is available, is at least 2.85% from the prior year, then the tax rate for class eight property will be reduced by 1% each year until the tax rate reaches zero.

(b) The department shall calculate the percentage growth in subsection (5)(a) by using the formula (W/CPI) - 1, where:

(i) W is the Montana wage and salary income for the most current available year divided by the Montana wage and salary income for the year prior to the most current available year; and

(ii) CPI is the consumer price index for the most current available year used in subsection (5)(b)(i) divided by the consumer price index for the year prior to the most current available year as used in subsection (5)(b)(i).

(c) For purposes of determining the percentage growth in subsection (5)(a), the department shall use the wage and salary data series referred to as the bureau of economic analysis of the United States department of commerce Montana wage and salary disbursements. Inflation must be measured by the consumer price index, U.S. city average, all urban consumers (CPI-U), using the 1982-84 base of 100, as published by the bureau of labor statistics of the United States department of labor.

(6) Beginning with tax year 2000, the class eight property of a person or business entity that owns an aggregate of $5,000 or less in market value of class eight property is exempt from taxation. (Repealed on occurrence of contingency—secs. 27(2), 31(4), Ch. 285, L. 1999.)"

Section 3. Section 15-6-201, MCA, is amended to read:

"15-6-201. (Temporary) Exempt categories. (1) The following categories of property are exempt from taxation:

(a) except as provided in 15-24-1203, the property of:

(i) the United States, except:

(A) if congress passes legislation that allows the state to tax property owned by the federal government or an agency created by congress; or

(B) as provided in 15-24-1103;

(ii) the state, counties, cities, towns, and school districts;

(iii) irrigation districts organized under the laws of Montana and not operating for profit;

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(iv) municipal corporations;

(v) public libraries; and

(vi) rural fire districts and other entities providing fire protection under Title 7, chapter 33;

(b) buildings, with land that they occupy and furnishings in the buildings, that are owned by a church and used for actual religious worship or for residences of the clergy, together with adjacent land reasonably necessary for convenient use of the buildings;

(c) property used exclusively for agricultural and horticultural societies, for educational purposes, and for nonprofit health care facilities, as defined in 50-5-101, licensed by the department of public health and human services and organized under Title 35, chapter 2 or 3. A health care facility that is not licensed by the department of public health and human services and organized under Title 35, chapter 2 or 3, is not exempt.

(d) property that is:

(i) owned and held by an association or corporation organized under Title 35, chapter 2, 3, 20, or 21;

(ii) devoted exclusively to use in connection with a cemetery or cemeteries for which a permanent care and improvement fund has been established as provided for in Title 35, chapter 20, part 3; and

(iii) not maintained and operated for private or corporate profit;

(e) subject to subsection (2), property that is owned or property that is leased from a federal, state, or local governmental entity by institutions of purely public charity if the property is directly used for purely public charitable purposes;

(f) evidence of debt secured by mortgages of record upon real or personal property in the state of Montana;

(g) public museums, art galleries, zoos, and observatories that are not used or held for private or corporate profit;

(h) all household goods and furniture, including but not limited to clocks, musical instruments, sewing machines, and wearing apparel of members of the family, used by the owner for personal and domestic purposes or for furnishing or equipping the family residence;

(i) truck canopy covers or toppers and campers;

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(j) a bicycle, as defined in 61-1-123, used by the owner for personal transportation purposes;

(k) motor homes;

(l) all watercraft;

(m) motor vehicles, land, fixtures, buildings, and improvements owned by a cooperative association or nonprofit corporation organized to furnish potable water to its members or customers for uses other than the irrigation of agricultural land;

(n) the right of entry that is a property right reserved in land or received by mesne conveyance (exclusive of leasehold interests), devise, or succession to enter land with a surface title that is held by another to explore, prospect, or dig for oil, gas, coal, or minerals;

(o) (i) property that is owned and used by a corporation or association organized and operated exclusively for the care of persons with developmental disabilities, persons with mental illness, or persons with physical or mental impairments that constitute or result in substantial impediments to employment and that is not operated for gain or profit; and

(ii) property that is owned and used by an organization owning and operating facilities that are for the care of the retired, aged, or chronically ill and that are not operated for gain or profit;

(p) all farm buildings with a market value of less than $500 and all agricultural implements and machinery with a market value of less than $100;

(q) property owned by a nonprofit corporation that is organized to provide facilities primarily for training and practice for or competition in international sports and athletic events and that is not held or used for private or corporate gain or profit. For purposes of this subsection (1)(q), "nonprofit corporation" means an organization that is exempt from taxation under section 501(c) of the Internal Revenue Code and incorporated and admitted under the Montana Nonprofit Corporation Act.

(r) (i) the first $15,000 or less of market value of tools owned by the taxpayer that are customarily hand-held and that are used to:

(A) construct, repair, and maintain improvements to real property; or

(B) repair and maintain machinery, equipment, appliances, or other personal property;

(ii) space vehicles and all machinery, fixtures, equipment, and tools used in the design, manufacture, launch, repair, and maintenance of space vehicles that are owned by businesses engaged in manufacturing and launching space

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vehicles in the state or that are owned by a contractor or subcontractor of that business and that are directly used for space vehicle design, manufacture, launch, repair, and maintenance;

(s) harness, saddlery, and other tack equipment;

(t) a title plant owned by a title insurer or a title insurance producer, as those terms are defined in 33-25-105;

(u) timber as defined in 15-44-102;

(v) all trailers as defined in 61-1-111, semitrailers as defined in 61-1-112, pole trailers as defined in 61-1-114, and travel trailers as defined in 61-1-131;

(w) all vehicles registered under 61-3-456;

(x) (i) buses, trucks having a manufacturer's rated capacity of more than 1 ton, and truck tractors, including buses, trucks, and truck tractors apportioned under Title 61, chapter 3, part 7; and

(ii) personal property that is attached to a bus, truck, or truck tractor that is exempt under subsection (1)(x)(i);

(y) motorcycles and quadricycles;

(z) the following percentage of the market value of residential property as described in 15-6-134(1)(e) and (1)(f):

(i) 16% for tax year 1999;

(ii) 23% for tax year 2000;

(iii) 27.5% for tax year 2001; and

(iv) 31% for tax year 2002 and succeeding tax years;

(aa) the following percentage of the market value of commercial property as described in 15-6-134(1)(g);

(i) 6.5% for tax year 1999;

(ii) 9% for tax year 2000;

(iii) 11% for tax year 2001; and

(iv) 13% for tax year 2002 and succeeding tax years; *and*

~~(bb) the percentage of valuation of land calculated pursuant to 15-7-111(4); and~~

~~(cc)~~*(bb)* personal property used by an industrial dairy or an industrial milk processor and dairy livestock used by an industrial dairy.

(2) (a) For the purposes of subsection (1)(e):

(i) the term "institutions of purely public charity" includes any organization that meets the following requirements:

(A) The organization offers its charitable goods or services to persons without regard to race, religion, creed, or gender and qualifies as a tax-exempt organization under the provisions of section 501(c)(3), Internal Revenue Code, as amended.

(B) The organization accomplishes its activities through absolute gratuity or grants. However, the organization may solicit or raise funds by the sale of merchandise, memberships, or tickets to public performances or entertainment or by other similar types of fundraising activities.

(ii) agricultural property owned by a purely public charity is not exempt if the agricultural property is used by the charity to produce unrelated business taxable income as that term is defined in section 512 of the Internal Revenue Code, 26 U.S.C. 512. A public charity claiming an exemption for agricultural property shall file annually with the department a copy of its federal tax return reporting any unrelated business taxable income received by the charity during the tax year, together with a statement indicating whether the exempt property was used to generate any unrelated business taxable income.

(b) For the purposes of subsection (1)(g), the term "public museums, art galleries, zoos, and observatories" means governmental entities or nonprofit organizations whose principal purpose is to hold property for public display or for use as a museum, art gallery, zoo, or observatory. The exempt property includes all real and personal property reasonably necessary for use in connection with the public display or observatory use. Unless the property is leased for a profit to a governmental entity or nonprofit organization by an individual or for-profit organization, real and personal property owned by other persons is exempt if it is:

(i) actually used by the governmental entity or nonprofit organization as a part of its public display;

(ii) held for future display; or

(iii) used to house or store a public display.

(3) For the purposes of subsection ~~(1)(cc)~~ *(1)(bb)*:

(a) "industrial dairy" means a large-scale dairy operation with 1,000 or more milking cows and includes the dairy livestock and integral machinery and

equipment that the dairy uses to produce milk and milk products solely for export from the state, either directly by the dairy or after the milk or milk product has been further processed by an industrial milk processor. After export, any unprocessed milk must be further processed into other dairy products.

(b) "industrial milk processor" means a facility and integral machinery used solely to process milk into milk products for export from the state.

(4) The following portions of the appraised value of a capital investment in a recognized nonfossil form of energy generation or low emission wood or biomass combustion devices, as defined in 15-32-102, are exempt from taxation for a period of 10 years following installation of the property:

(a) $20,000 in the case of a single-family residential dwelling;

(b) $100,000 in the case of a multifamily residential dwelling or a nonresidential structure.

15-6-201. (Effective January 1, 2003) Exempt categories. (1) The following categories of property are exempt from taxation:

(a) except as provided in 15-24-1203, the property of:

(i) the United States, except:

(A) if congress passes legislation that allows the state to tax property owned by the federal government or an agency created by congress; or

(B) as provided in 15-24-1103;

(ii) the state, counties, cities, towns, and school districts;

(iii) irrigation districts organized under the laws of Montana and not operating for profit;

(iv) municipal corporations;

(v) public libraries; and

(vi) rural fire districts and other entities providing fire protection under Title 7, chapter 33;

(b) buildings, with land that they occupy and furnishings in the buildings, that are owned by a church and used for actual religious worship or for residences of the clergy, together with adjacent land reasonably necessary for convenient use of the buildings;

(c) property used exclusively for agricultural and horticultural societies, for educational purposes, and for nonprofit health care facilities, as defined in 50-5-101, licensed by the department of public health and human services and organized under Title 35, chapter 2 or 3. A health care facility that is not licensed by the department of public health and human services and organized under Title 35, chapter 2 or 3, is not exempt.

(d) property that is:

(i) owned and held by an association or corporation organized under Title 35, chapter 2, 3, 20, or 21;

(ii) devoted exclusively to use in connection with a cemetery or cemeteries for which a permanent care and improvement fund has been established as provided for in Title 35, chapter 20, part 3; and

(iii) not maintained and operated for private or corporate profit;

(e) subject to subsection (2), property that is owned or property that is leased from a federal, state, or local governmental entity by institutions of purely public charity if the property is directly used for purely public charitable purposes;

(f) evidence of debt secured by mortgages of record upon real or personal property in the state of Montana;

(g) public museums, art galleries, zoos, and observatories that are not used or held for private or corporate profit;

(h) all household goods and furniture, including but not limited to clocks, musical instruments, sewing machines, and wearing apparel of members of the family, used by the owner for personal and domestic purposes or for furnishing or equipping the family residence;

(i) truck canopy covers or toppers and campers;

(j) a bicycle, as defined in 61-1-123, used by the owner for personal transportation purposes;

(k) motor homes;

(l) all watercraft;

(m) motor vehicles, land, fixtures, buildings, and improvements owned by a cooperative association or nonprofit corporation organized to furnish potable water to its members or customers for uses other than the irrigation of agricultural land;

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(n) the right of entry that is a property right reserved in land or received by mesne conveyance (exclusive of leasehold interests), devise, or succession to enter land with a surface title that is held by another to explore, prospect, or dig for oil, gas, coal, or minerals;

(o) (i) property that is owned and used by a corporation or association organized and operated exclusively for the care of persons with developmental disabilities, persons with mental illness, or persons with physical or mental impairments that constitute or result in substantial impediments to employment and that is not operated for gain or profit; and

(ii) property that is owned and used by an organization owning and operating facilities that are for the care of the retired, aged, or chronically ill and that are not operated for gain or profit;

(p) all farm buildings with a market value of less than $500 and all agricultural implements and machinery with a market value of less than $100;

(q) property owned by a nonprofit corporation that is organized to provide facilities primarily for training and practice for or competition in international sports and athletic events and that is not held or used for private or corporate gain or profit. For purposes of this subsection (1)(q), "nonprofit corporation" means an organization that is exempt from taxation under section 501(c) of the Internal Revenue Code and incorporated and admitted under the Montana Nonprofit Corporation Act.

(r) (i) the first $15,000 or less of market value of tools owned by the taxpayer that are customarily hand-held and that are used to:

(A) construct, repair, and maintain improvements to real property; or

(B) repair and maintain machinery, equipment, appliances, or other personal property;

(ii) space vehicles and all machinery, fixtures, equipment, and tools used in the design, manufacture, launch, repair, and maintenance of space vehicles that are owned by businesses engaged in manufacturing and launching space vehicles in the state or that are owned by a contractor or subcontractor of that business and that are directly used for space vehicle design, manufacture, launch, repair, and maintenance;

(s) harness, saddlery, and other tack equipment;

(t) a title plant owned by a title insurer or a title insurance producer, as those terms are defined in 33-25-105;

(u) timber as defined in 15-44-102;

(v) all trailers as defined in 61-1-111, semitrailers as defined in 61-1-112, pole trailers as defined in 61-1-114, and travel trailers as defined in 61-1-131;

(w) all vehicles registered under 61-3-456;

(x) (i) buses, trucks having a manufacturer's rated capacity of more than 1 ton, and truck tractors, including buses, trucks, and truck tractors apportioned under Title 61, chapter 3, part 7; and

(ii) personal property that is attached to a bus, truck, or truck tractor that is exempt under subsection (1)(x)(i);

(y) motorcycles and quadricycles;

(z) the following percentage of the market value of residential property as described in 15-6-134(1)(e) and (1)(f):

(i) 16% for tax year 1999;

(ii) 23% for tax year 2000;

(iii) 27.5% for tax year 2001; and

(iv) 31% for tax year 2002 and succeeding tax years;

(aa) the following percentage of the market value of commercial property as described in 15-6-134(1)(g);

(i) 6.5% for tax year 1999;

(ii) 9% for tax year 2000;

(iii) 11% for tax year 2001; and

(iv) 13% for tax year 2002 and succeeding tax years;

~~(bb) the percentage of valuation of land calculated pursuant to 15-7-111(4);~~

~~(cc)~~*(bb)* personal property used by an industrial dairy or an industrial milk processor and dairy livestock used by an industrial dairy; and

~~(dd)~~*(cc)* items of personal property intended for rent or lease in the ordinary course of business if each item of personal property satisfies all of the following:

(i) the acquired cost of the personal property is less than $15,000;

(ii) the personal property is owned by a business whose primary business income is from rental or lease of personal property to individuals and no one

customer of the business accounts for more than 10% of the total rentals or leases during a calendar year; and

(iii) the lease of the personal property is generally on an hourly, daily, or weekly basis.

(2) (a) For the purposes of subsection (1)(e):

(i) the term "institutions of purely public charity" includes any organization that meets the following requirements:

(A) The organization offers its charitable goods or services to persons without regard to race, religion, creed, or gender and qualifies as a tax-exempt organization under the provisions of section 501(c)(3), Internal Revenue Code, as amended.

(B) The organization accomplishes its activities through absolute gratuity or grants. However, the organization may solicit or raise funds by the sale of merchandise, memberships, or tickets to public performances or entertainment or by other similar types of fundraising activities.

(ii) agricultural property owned by a purely public charity is not exempt if the agricultural property is used by the charity to produce unrelated business taxable income as that term is defined in section 512 of the Internal Revenue Code, 26 U.S.C. 512. A public charity claiming an exemption for agricultural property shall file annually with the department a copy of its federal tax return reporting any unrelated business taxable income received by the charity during the tax year, together with a statement indicating whether the exempt property was used to generate any unrelated business taxable income.

(b) For the purposes of subsection (1)(g), the term "public museums, art galleries, zoos, and observatories" means governmental entities or nonprofit organizations whose principal purpose is to hold property for public display or for use as a museum, art gallery, zoo, or observatory. The exempt property includes all real and personal property reasonably necessary for use in connection with the public display or observatory use. Unless the property is leased for a profit to a governmental entity or nonprofit organization by an individual or for-profit organization, real and personal property owned by other persons is exempt if it is:

(i) actually used by the governmental entity or nonprofit organization as a part of its public display;

(ii) held for future display; or

(iii) used to house or store a public display.

(3) For the purposes of subsection ~~(1)(ee)~~ *(1)(bb)*:

(a) "industrial dairy" means a large-scale dairy operation with 1,000 or more milking cows and includes the dairy livestock and integral machinery and equipment that the dairy uses to produce milk and milk products solely for export from the state, either directly by the dairy or after the milk or milk product has been further processed by an industrial milk processor. After export, any unprocessed milk must be further processed into other dairy products.

(b) "industrial milk processor" means a facility and integral machinery used solely to process milk into milk products for export from the state.

(4) The following portions of the appraised value of a capital investment in a recognized nonfossil form of energy generation or low emission wood or biomass combustion devices, as defined in 15-32-102, are exempt from taxation for a period of 10 years following installation of the property:

(a) $20,000 in the case of a single-family residential dwelling;

(b) $100,000 in the case of a multifamily residential dwelling or a nonresidential structure.

15-6-201. (Effective on occurrence of contingency) Exempt categories. (1) The following categories of property are exempt from taxation:

(a) except as provided in 15-24-1203, the property of:

(i) the United States, except:

(A) if congress passes legislation that allows the state to tax property owned by the federal government or an agency created by congress; or

(B) as provided in 15-24-1103;

(ii) the state, counties, cities, towns, and school districts;

(iii) irrigation districts organized under the laws of Montana and not operating for profit;

(iv) municipal corporations;

(v) public libraries; and

(vi) rural fire districts and other entities providing fire protection under Title 7, chapter 33;

(b) buildings, with land that they occupy and furnishings in the buildings, that are owned by a church and used for actual religious worship or for

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residences of the clergy, together with adjacent land reasonably necessary for convenient use of the buildings;

(c) property used exclusively for agricultural and horticultural societies, for educational purposes, and for nonprofit health care facilities, as defined in 50-5-101, licensed by the department of public health and human services and organized under Title 35, chapter 2 or 3. A health care facility that is not licensed by the department of public health and human services and organized under Title 35, chapter 2 or 3, is not exempt.

(d) property that is:

(i) owned and held by an association or corporation organized under Title 35, chapter 2, 3, 20, or 21;

(ii) devoted exclusively to use in connection with a cemetery or cemeteries for which a permanent care and improvement fund has been established as provided for in Title 35, chapter 20, part 3; and

(iii) not maintained and operated for private or corporate profit;

(e) subject to subsection (2), property that is owned or property that is leased from a federal, state, or local governmental entity by institutions of purely public charity if the property is directly used for purely public charitable purposes;

(f) evidence of debt secured by mortgages of record upon real or personal property in the state of Montana;

(g) public museums, art galleries, zoos, and observatories that are not used or held for private or corporate profit;

(h) all household goods and furniture, including but not limited to clocks, musical instruments, sewing machines, and wearing apparel of members of the family, used by the owner for personal and domestic purposes or for furnishing or equipping the family residence;

(i) truck canopy covers or toppers and campers;

(j) a bicycle, as defined in 61-1-123, used by the owner for personal transportation purposes;

(k) motor homes;

(l) all watercraft;

(m) motor vehicles, land, fixtures, buildings, and improvements owned by a cooperative association or nonprofit corporation organized to furnish potable

water to its members or customers for uses other than the irrigation of agricultural land;

(n) the right of entry that is a property right reserved in land or received by mesne conveyance (exclusive of leasehold interests), devise, or succession to enter land with a surface title that is held by another to explore, prospect, or dig for oil, gas, coal, or minerals;

(o) (i) property that is owned and used by a corporation or association organized and operated exclusively for the care of persons with developmental disabilities, persons with mental illness, or persons with physical or mental impairments that constitute or result in substantial impediments to employment and that is not operated for gain or profit; and

(ii) property that is owned and used by an organization owning and operating facilities that are for the care of the retired, aged, or chronically ill and that are not operated for gain or profit;

(p) all farm buildings with a market value of less than $500 and all agricultural implements and machinery with a market value of less than $100;

(q) property owned by a nonprofit corporation that is organized to provide facilities primarily for training and practice for or competition in international sports and athletic events and that is not held or used for private or corporate gain or profit. For purposes of this subsection (1)(q), "nonprofit corporation" means an organization that is exempt from taxation under section 501(c) of the Internal Revenue Code and incorporated and admitted under the Montana Nonprofit Corporation Act.

(r) (i) the first $15,000 or less of market value of tools owned by the taxpayer that are customarily hand-held and that are used to:

(A) construct, repair, and maintain improvements to real property; or

(B) repair and maintain machinery, equipment, appliances, or other personal property;

(ii) space vehicles and all machinery, fixtures, equipment, and tools used in the design, manufacture, launch, repair, and maintenance of space vehicles that are owned by businesses engaged in manufacturing and launching space vehicles in the state or that are owned by a contractor or subcontractor of that business and that are directly used for space vehicle design, manufacture, launch, repair, and maintenance;

(s) harness, saddlery, and other tack equipment;

(t) a title plant owned by a title insurer or a title insurance producer, as those terms are defined in 33-25-105;

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(u) timber as defined in 15-44-102;

(v) all trailers as defined in 61-1-111, semitrailers as defined in 61-1-112, pole trailers as defined in 61-1-114, and travel trailers as defined in 61-1-131;

(w) all vehicles registered under 61-3-456;

(x) (i) buses, trucks having a manufacturer's rated capacity of more than 1 ton, and truck tractors, including buses, trucks, and truck tractors apportioned under Title 61, chapter 3, part 7; and

(ii) personal property that is attached to a bus, truck, or truck tractor that is exempt under subsection (1)(x)(i);

(y) motorcycles and quadricycles;

(z) the following percentage of the market value of residential property as described in 15-6-134(1)(e) and (1)(f):

(i) 16% for tax year 1999;

(ii) 23% for tax year 2000;

(iii) 27.5% for tax year 2001; and

(iv) 31% for tax year 2002 and succeeding tax years;

(aa) the following percentage of the market value of commercial property as described in 15-6-134(1)(g);

(i) 6.5% for tax year 1999;

(ii) 9% for tax year 2000;

(iii) 11% for tax year 2001; and

(iv) 13% for tax year 2002 and succeeding tax years;

~~(bb) the percentage of valuation of land calculated pursuant to 15-7-111(4);~~

~~(cc)~~*(bb)* personal property used by an industrial dairy or an industrial milk processor and dairy livestock used by an industrial dairy;

~~(dd)~~*(cc)* items of personal property intended for rent or lease in the ordinary course of business if each item of personal property satisfies all of the following:

(i) the acquired cost of the personal property is less than $15,000;

(ii) the personal property is owned by a business whose primary business income is from rental or lease of personal property to individuals and no one customer of the business accounts for more than 10% of the total rentals or leases during a calendar year; and

(iii) the lease of the personal property is generally on an hourly, daily, or weekly basis;

~~(ee)~~*(dd)* all agricultural implements and equipment;

~~(ff)~~*(ee)* all mining machinery, fixtures, equipment, tools that are not exempt under 15-6-201(1)(r), and supplies except those included in class five;

~~(gg)~~*(ff)* all manufacturing machinery, fixtures, equipment, tools that are not exempt under 15-6-201(1)(r), and supplies except those included in class five;

~~(hh)~~*(gg)* all goods and equipment that are intended for rent or lease, except goods and equipment that are specifically included and taxed in another class;

~~(ii)~~*(hh)* special mobile equipment as defined in 61-1-104;

~~(jj)~~*(ii)* furniture, fixtures, and equipment, except that specifically included in another class, used in commercial establishments as defined in this section;

~~(kk)~~*(jj)* x-ray and medical and dental equipment;

~~(ll)~~*(kk)* citizens' band radios and mobile telephones;

~~(mm)~~*(ll)* radio and television broadcasting and transmitting equipment;

~~(nn)~~*(mm)* cable television systems;

~~(oo)~~*(nn)* coal and ore haulers; and

~~(pp)~~*(oo)* theater projectors and sound equipment.

(2) (a) For the purposes of subsection (1)(e):

(i) the term "institutions of purely public charity" includes any organization that meets the following requirements:

(A) The organization offers its charitable goods or services to persons without regard to race, religion, creed, or gender and qualifies as a tax-exempt organization under the provisions of section 501(c)(3), Internal Revenue Code, as amended.

(B) The organization accomplishes its activities through absolute gratuity or grants. However, the organization may solicit or raise funds by the sale of

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merchandise, memberships, or tickets to public performances or entertainment or by other similar types of fundraising activities.

(ii) agricultural property owned by a purely public charity is not exempt if the agricultural property is used by the charity to produce unrelated business taxable income as that term is defined in section 512 of the Internal Revenue Code, 26 U.S.C. 512. A public charity claiming an exemption for agricultural property shall file annually with the department a copy of its federal tax return reporting any unrelated business taxable income received by the charity during the tax year, together with a statement indicating whether the exempt property was used to generate any unrelated business taxable income.

(b) For the purposes of subsection (1)(g), the term "public museums, art galleries, zoos, and observatories" means governmental entities or nonprofit organizations whose principal purpose is to hold property for public display or for use as a museum, art gallery, zoo, or observatory. The exempt property includes all real and personal property reasonably necessary for use in connection with the public display or observatory use. Unless the property is leased for a profit to a governmental entity or nonprofit organization by an individual or for-profit organization, real and personal property owned by other persons is exempt if it is:

(i) actually used by the governmental entity or nonprofit organization as a part of its public display;

(ii) held for future display; or

(iii) used to house or store a public display.

(3) For the purposes of subsection ~~(1)(ee)~~ *(1)(bb)*:

(a) "industrial dairy" means a large-scale dairy operation with 1,000 or more milking cows and includes the dairy livestock and integral machinery and equipment that the dairy uses to produce milk and milk products solely for export from the state, either directly by the dairy or after the milk or milk product has been further processed by an industrial milk processor. After export, any unprocessed milk must be further processed into other dairy products.

(b) "industrial milk processor" means a facility and integral machinery used solely to process milk into milk products for export from the state.

(4) The following portions of the appraised value of a capital investment in a recognized nonfossil form of energy generation or low emission wood or biomass combustion devices, as defined in 15-32-102, are exempt from taxation for a period of 10 years following installation of the property:

(a) $20,000 in the case of a single-family residential dwelling;

(b) $100,000 in the case of a multifamily residential dwelling or a nonresidential structure."

Section 4. Section 15-7-111, MCA, is amended to read:

"15-7-111. Periodic revaluation of certain taxable property. (1) The department ~~of revenue~~ shall administer and supervise a program for the revaluation of all taxable property within classes three, four, and ten. All other property must be revalued annually. The revaluation of class three, four, and ten property is complete on December 31, 1996. The amount of the change in valuation from the 1996 base year for each property in classes three, four, and ten must be phased in each year at the rate of 25% of the change in valuation from December 31, 1998, to the appropriate percentage of taxable market value for each class.

(2) The department shall value and phase in the value of newly constructed, remodeled, or reclassified property in a manner consistent with the valuation within the same class and the values established pursuant to subsection (1). The department shall adopt rules for determining the assessed valuation and phased-in value of new, remodeled, or reclassified property within the same class.

(3) Beginning January 1, 2001, the department of revenue shall administer and supervise a program for the revaluation of all taxable property within classes three, four, and ten. A comprehensive written reappraisal plan must be promulgated by the department. The reappraisal plan adopted must provide that all class three, four, and ten property in each county is revalued by January 1, 2003, and each succeeding 6 years. The resulting valuation changes must be phased in for each year until the next reappraisal. If a percentage of change for each year is not established, then the percentage of phasein for each year is 16.66%. The department shall furnish a copy of the plan and all amendments to the plan to the board of county commissioners of each county.

~~(4) (a) If the value of an individual property is equal to or less than 75% of the appraised value of the improvements situated on the land, then the assessed value of the land is the land's appraised value as phased in under subsection (1) and the other provisions of subsection (1) do not apply.~~

~~(b) Subject to subsection (4)(c), if the value of an individual property is greater than 75% of the appraised value of the improvements situated on the land, then the value of the land must be determined as follows:~~

~~(i) the department shall calculate the average value of improvements in the state;~~

~~(ii) if the value of the improvements on an individual property is greater than the state average value of improvements, then the land is valued at 75% of the appraised value of the improvements situated on the land and the remainder of the land value is exempt from taxation; and~~

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~~(iii) if the value of the improvements on an individual property is less than or equal to the state average value of improvements, then the land is valued at 75% of the appraised value of the improvements situated on the land and the remainder of the land value is exempt from taxation.~~

~~(c) The value of land upon which improvements are situated may not exceed the phased-in value of the land.~~

~~(5) For purposes of subsection (4), the following definitions apply:~~

~~(a) "average value of improvements" means the statewide arithmetic mean of the appraised value of all improvements that have a market value in excess of $7,500;~~

~~(b) "improvements" means residential dwellings and includes housetrailers, mobile homes, and manufactured homes;~~

~~(c) "land" includes contiguous parcels or lots under single ownership up to 5 acres.~~"

Section 5. Section 15-8-111, MCA, is amended to read:

"15-8-111. Assessment — market value standard — exceptions. (1) All taxable property must be assessed at 100% of its market value except as otherwise provided.

(2) (a) Market value is the value at which property would change hands between a willing buyer and a willing seller, neither being under any compulsion to buy or to sell and both having reasonable knowledge of relevant facts.

(b) If the department uses construction cost as one approximation of market value, the department shall fully consider reduction in value caused by depreciation, whether through physical depreciation, functional obsolescence, or economic obsolescence.

(c) If the department uses the capitalization of net income method as one approximation of market value and sufficient, relevant information on comparable sales and construction cost exists, the department shall rely upon the two methods that provide a similar market value as the better indicators of market value.

(d) Except as provided in subsection (3), the market value of special mobile equipment and agricultural tools, implements, and machinery is the average wholesale value shown in national appraisal guides and manuals or the value before reconditioning and profit margin. The department shall prepare valuation schedules showing the average wholesale value when a national appraisal guide does not exist.

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(3) The department may not adopt a lower or different standard of value from market value in making the official assessment and appraisal of the value of property, except:

(a) the wholesale value for agricultural implements and machinery is the average wholesale value category as shown in Guides 2000, Northwest Region Official Guide, published by the North American equipment dealers association, St. Louis, Missouri. If the guide or the average wholesale value category is unavailable, the department shall use a comparable publication or wholesale value category.

(b) for agricultural implements and machinery not listed in an official guide, the department shall prepare a supplemental manual in which the values reflect the same depreciation as those found in the official guide; and

(c) as otherwise authorized in Titles 15 and 61.

(4) For purposes of taxation, assessed value is the same as appraised value.

(5) The taxable value for all property is the percentage of market or assessed value established for each class of property.

(6) The assessed value of properties in 15-6-131 through 15-6-134, 15-6-143, and 15-6-145 is as follows:

(a) Properties in 15-6-131, under class one, are assessed at 100% of the annual net proceeds after deducting the expenses specified and allowed by 15-23-503 or, if applicable, as provided in 15-23-515, 15-23-516, 15-23-517, or 15-23-518.

(b) Properties in 15-6-132, under class two, are assessed at 100% of the annual gross proceeds.

(c) Properties in 15-6-133, under class three, are assessed at 100% of the productive capacity of the lands when valued for agricultural purposes. All lands that meet the qualifications of 15-7-202 are valued as agricultural lands for tax purposes.

(d) Properties in 15-6-134, under class four, are assessed at the applicable percentage of market value minus any portion of market value that is exempt from taxation under 15-6-201(1)(z)~~;~~ *and* (1)(aa)~~, and (1)(bb)~~.

(e) Properties in 15-6-143, under class ten, are assessed at 100% of the forest productivity value of the land when valued as forest land.

(f) Railroad transportation properties in 15-6-145 are assessed based on the valuation formula described in 15-23-205.

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(7) Land and the improvements on the land are separately assessed when any of the following conditions occur:

(a) ownership of the improvements is different from ownership of the land;

(b) the taxpayer makes a written request; or

(c) the land is outside an incorporated city or town."

Section 6. Section 15-10-420, MCA, is amended to read:

"15-10-420. Procedure for calculating levy. (1) A governmental entity that is authorized to impose mills may impose a mill levy sufficient to generate the amount of property taxes actually assessed in the prior year, even if that levy is greater than the levy established by law. The maximum number of mills that a governmental entity may impose is established by calculating the number of mills required to generate the amount of property tax actually assessed in the governmental unit in the prior year based on the current year taxable value, less the value of newly taxable property.

(2) A governmental entity may apply the levy calculated pursuant to subsection (1) plus any additional levies authorized by the voters to all property in the governmental unit, including newly taxable property.

(3) For purposes of this section, newly taxable property includes:

(a) annexation of real property and improvements into a taxing unit;

(b) construction, expansion, or remodeling of improvements;

(c) transfer of property into a taxing unit;

(d) subdivision of real property;

(e) reclassification of property;

(f) transfer of property from tax-exempt to taxable status; and

(g) revaluations caused by expansion, addition, replacement, or remodeling of improvements.

(4) Subsection (1) does not apply to school district general fund levies and the school district levy for tuition obligations established in 20-5-324(5).

(5) For purposes of subsection (1), taxes imposed do not include net or gross proceeds taxes received under 15-6-131 and 15-6-132.

(6) In determining the maximum number of mills in subsection (1), the governmental entity shall take into account any change from the prior year in

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the amount of statutory reimbursements for changes in the property tax laws. *The amount of motor vehicle disposition under 61-3-509(2) is an increased statutory reimbursement.* It may increase the number of mills to account for a decrease in reimbursements and shall decrease the number of mills to fully account for any increase in reimbursements.

(7) The department shall calculate the number of mills to be imposed for purposes of 15-10-107, 20-9-331, 20-9-333, 20-9-360, 20-25-423, 20-25-439, and 53-2-813. However, the number of mills calculated by the department may not exceed the mill levy limits established in those sections.

(8) The department may adopt rules to implement this section. The rules may include a method for calculating the percentage of change in valuation for purposes of determining the elimination of property, new improvements, or newly taxable property in a governmental unit."

Section 7. Section 20-9-141, MCA, is amended to read:

"20-9-141. Computation of general fund net levy requirement by county superintendent. (1) The county superintendent shall compute the levy requirement for each district's general fund on the basis of the following procedure:

(a) Determine the funding required for the district's final general fund budget less the sum of direct state aid and the special education allowable cost payment for the district by totaling:

(i) the district's nonisolated school BASE budget requirement to be met by a district levy as provided in 20-9-303; and

(ii) any general fund budget amount adopted by the trustees of the district under the provisions of 20-9-308 and 20-9-353, including any additional funding for a general fund budget that exceeds the maximum general fund budget.

(b) Determine the money available for the reduction of the property tax on the district for the general fund by totaling:

(i) the general fund balance reappropriated, as established under the provisions of 20-9-104;

(ii) 98% of actual amounts received in fiscal year 1999 for light vehicle taxes under 61-3-504;

~~(ii)~~*(iii)* amounts received in the last fiscal year for which revenue reporting was required for each of the following:

(A) revenue from taxes and fees imposed under 23-2-517, 23-2-803, 61-3-521, 61-3-527, 61-3-529, and 67-3-204;

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(B) interest earned by the investment of general fund cash in accordance with the provisions of 20-9-213(4); *and*

(C) any other revenue received during the school fiscal year that may be used to finance the general fund, excluding any guaranteed tax base aid; ~~and~~

~~(D) reimbursements for unrealized motor vehicle tax revenue, as provided in 61-3-509(1);~~

~~(iii)~~*(iv)* anticipated tuition payments for out-of-district pupils under the provisions of 20-5-321 through 20-5-323, except the amount of tuition received for a pupil who is a child with a disability in excess of the amount received for a pupil without disabilities, as calculated under 20-5-323(2);

~~(iv) anticipated revenue from taxes and fees imposed under 61-3-504 and 61-3-537, which for the fiscal year beginning July 1, 2000, may not be less than 75% of the previous year's revenue from these sources;~~

(v) anticipated oil and natural gas production taxes;

(vi) pursuant to subsection (4), anticipated revenue from coal gross proceeds under 15-23-703 and property tax reimbursements under 15-1-111, 15-1-112, and section 167, Chapter 584, Laws of 1999; and

(vii) anticipated revenue from corporation license taxes collected from financial institutions under the provisions of 15-31-702.

(c) Notwithstanding the provisions of subsection (2), subtract the money available to reduce the property tax required to finance the general fund that has been determined in subsection (1)(b) from any general fund budget amount adopted by the trustees of the district, up to the BASE budget amount, to determine the general fund BASE budget levy requirement.

(d) Subtract any amount remaining after the determination in subsection (1)(c) from any additional funding requirement to be met by an over-BASE budget amount, a district levy as provided in 20-9-303, and any additional financing as provided in 20-9-353 to determine any additional general fund levy requirements.

(2) The county superintendent shall calculate the number of mills to be levied on the taxable property in the district to finance the general fund levy requirement for any amount that does not exceed the BASE budget amount for the district by dividing the amount determined in subsection (1)(c) by the sum of:

(a) the amount of guaranteed tax base aid that the district will receive for each mill levied, as certified by the superintendent of public instruction; and

(b) the current total taxable valuation of the district, as certified by the department of revenue under 15-10-202, divided by 1,000.

(3) The net general fund levy requirement determined in subsections (1)(c) and (1)(d) must be reported to the county commissioners on the fourth Monday of August by the county superintendent as the general fund net levy requirement for the district, and a levy must be set by the county commissioners in accordance with 20-9-142.

(4) For each school district, the department of revenue shall calculate and report to the county superintendent the amount of revenue anticipated for the ensuing fiscal year from revenue from coal gross proceeds under 15-23-703 and property tax reimbursements under 15-1-111, 15-1-112, and section 167, Chapter 584, Laws of 1999."

Section 8. Section 20-9-306, MCA, is amended to read:

"20-9-306. (Temporary) Definitions. As used in this title, unless the context clearly indicates otherwise, the following definitions apply:

(1) "BASE" means base amount for school equity.

(2) "BASE aid" means:

(a) direct state aid for 41 1% of the basic entitlement and 41.1% of the total per-ANB entitlement for the general fund budget of a district; and

(b) guaranteed tax base aid for an eligible district for any amount up to 38.9% of the basic entitlement, up to 38.9% of the total per-ANB entitlement budgeted in the general fund budget of a district, and up to 40% of the special education allowable cost payment.

(3) "BASE budget" means the minimum general fund budget of a district, which includes 80% of the basic entitlement, 80% of the total per-ANB entitlement, and up to 140% of the special education allowable cost payment.

(4) "BASE budget levy" means the district levy in support of the BASE budget of a district, which may be supplemented by guaranteed tax base aid if the district is eligible under the provisions of 20-9-366 through 20-9-369.

(5) "BASE funding program" means the state program for the equitable distribution of the state's share of the cost of Montana's basic system of public elementary schools and high schools, through county equalization aid as provided in 20-9-331 and 20-9-333 and state equalization aid as provided in 20-9-343, in support of the BASE budgets of districts and special education allowable cost payments as provided in 20-9-321.

(6) "Basic entitlement" means:

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(a) $200,000 for each high school district;

(b) $18,000 for each elementary school district or K-12 district elementary program without an approved and accredited junior high school or middle school; and

(c) the prorated entitlement for each elementary school district or K-12 district elementary program with an approved and accredited junior high school or middle school, calculated as follows:

(i) $18,000 times the ratio of the ANB for kindergarten through grade 6 to the total ANB of kindergarten through grade 8; plus

(ii) $200,000 times the ratio of the ANB for grades 7 and 8 to the total ANB of kindergarten through grade 8.

(7) "Direct state aid" means 41.1% of the basic entitlement and 41.1% of the total per-ANB entitlement for the general fund budget of a district and funded with state and county equalization aid.

(8) "Maximum general fund budget" means a district's general fund budget amount calculated from the basic entitlement for the district, the total per-ANB entitlement for the district, and up to 153% of special education allowable cost payments.

(9) "Over-BASE budget levy" means the district levy in support of any general fund amount budgeted that is above the BASE budget and below the maximum general fund budget for a district.

(10) "Total per-ANB entitlement" means the district entitlement resulting from the following calculations:

(a) for a high school district or a K-12 district high school program, a maximum rate of $4,821 for the first ANB is decreased at the rate of 50 cents per ANB for each additional ANB of the district up through 800 ANB, with each ANB in excess of 800 receiving the same amount of entitlement as the 800th ANB;

(b) for an elementary school district or a K-12 district elementary program without an approved and accredited junior high school or middle school, a maximum rate of $3,529 for the first ANB is decreased at the rate of 20 cents per ANB for each additional ANB of the district up through 1,000 ANB, with each ANB in excess of 1,000 receiving the same amount of entitlement as the 1,000th ANB; and

(c) for an elementary school district or a K-12 district elementary program with an approved and accredited junior high school or middle school, the sum of:

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(i) a maximum rate of $3,529 for the first ANB for kindergarten through grade 6 is decreased at the rate of 20 cents per ANB for each additional ANB up through 1,000 ANB, with each ANB in excess of 1,000 receiving the same amount of entitlement as the 1,000th ANB; and

(ii) a maximum rate of $4,821 for the first ANB for grades 7 and 8 is decreased at the rate of 50 cents per ANB for each additional ANB for grades 7 and 8 up through 800 ANB, with each ANB in excess of 800 receiving the same amount of entitlement as the 800th ANB. (Terminates June 30, 2000—sec. 10, Ch. 211, L. 1999.)

20-9-306. (Effective July 1, 2000) Definitions. As used in this title, unless the context clearly indicates otherwise, the following definitions apply:

(1) "BASE" means base amount for school equity.

(2) "BASE aid" means:

(a) direct state aid for ~~41.8%~~ *44.7%* of the basic entitlement and ~~41.8%~~ *44.7%* of the total per-ANB entitlement for the general fund budget of a district; and

(b) guaranteed tax base aid for an eligible district for any amount up to ~~38.2%~~ *35.3%* of the basic entitlement, up to ~~38.2%~~ *35.3%* of the total per-ANB entitlement budgeted in the general fund budget of a district, and up to 40% of the special education allowable cost payment.

(3) "BASE budget" means the minimum general fund budget of a district, which includes 80% of the basic entitlement, 80% of the total per-ANB entitlement, and up to 140% of the special education allowable cost payment.

(4) "BASE budget levy" means the district levy in support of the BASE budget of a district, which may be supplemented by guaranteed tax base aid if the district is eligible under the provisions of 20-9-366 through 20-9-369.

(5) "BASE funding program" means the state program for the equitable distribution of the state's share of the cost of Montana's basic system of public elementary schools and high schools, through county equalization aid as provided in 20-9-331 and 20-9-333 and state equalization aid as provided in 20-9-343, in support of the BASE budgets of districts and special education allowable cost payments as provided in 20-9-321.

(6) "Basic entitlement" means:

(a) ~~$200,000~~ *$206,000* for each high school district;

(b) ~~$18,000~~ *$18,540* for each elementary school district or K-12 district elementary program without an approved and accredited junior high school or middle school; and

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(c) the prorated entitlement for each elementary school district or K-12 district elementary program with an approved and accredited junior high school or middle school, calculated as follows:

(i) ~~$18,000~~ *$18,540* times the ratio of the ANB for kindergarten through grade 6 to the total ANB of kindergarten through grade 8; plus

(ii) ~~$200,000~~ *$206,000* times the ratio of the ANB for grades 7 and 8 to the total ANB of kindergarten through grade 8.

(7) "Direct state aid" means ~~41.8%~~ *44.7%* of the basic entitlement and ~~41.8%~~ *44.7%* of the total per-ANB entitlement for the general fund budget of a district and funded with state and county equalization aid.

(8) "Maximum general fund budget" means a district's general fund budget amount calculated from the basic entitlement for the district, the total per-ANB entitlement for the district, and up to 153% of special education allowable cost payments.

(9) "Over-BASE budget levy" means the district levy in support of any general fund amount budgeted that is above the BASE budget and below the maximum general fund budget for a district.

(10) "Total per-ANB entitlement" means the district entitlement resulting from the following calculations:

(a) for a high school district or a K-12 district high school program, a maximum rate of ~~$4,869~~ *$5,015* for the first ANB is decreased at the rate of 50 cents per ANB for each additional ANB of the district up through 800 ANB, with each ANB in excess of 800 receiving the same amount of entitlement as the 800th ANB;

(b) for an elementary school district or a K-12 district elementary program without an approved and accredited junior high school or middle school, a maximum rate of ~~$3,653~~ *$3,763* for the first ANB is decreased at the rate of 20 cents per ANB for each additional ANB of the district up through 1,000 ANB, with each ANB in excess of 1,000 receiving the same amount of entitlement as the 1,000th ANB; and

(c) for an elementary school district or a K-12 district elementary program with an approved and accredited junior high school or middle school, the sum of:

(i) a maximum rate of ~~$3,653~~ *$3,763* for the first ANB for kindergarten through grade 6 is decreased at the rate of 20 cents per ANB for each additional ANB up through 1,000 ANB, with each ANB in excess of 1,000 receiving the same amount of entitlement as the 1,000th ANB; and

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(ii) a maximum rate of ~~$4,869~~ *$5,015* for the first ANB for grades 7 and 8 is decreased at the rate of 50 cents per ANB for each additional ANB for grades 7 and 8 up through 800 ANB, with each ANB in excess of 800 receiving the same amount of entitlement as the 800th ANB."

Section 9. Section 20-9-367, MCA, is amended to read:

"20-9-367. (Temporary) Eligibility to receive guaranteed tax base aid or state advance or reimbursement for school facilities. (1) If the district guaranteed tax base ratio of any elementary or high school district is less than the corresponding statewide elementary or high school guaranteed tax base ratio, the district may receive guaranteed tax base aid based on the number of mills levied in the district in support of up to 38.9% of the basic entitlement, up to 38.9% of the total per-ANB entitlement, and up to 40% of the special education allowable cost payment budgeted within the general fund budget.

(2) If the county retirement mill value per elementary ANB or the county retirement mill value per high school ANB is less than the corresponding statewide mill value per elementary ANB or high school ANB, the county may receive guaranteed tax base aid based on the number of mills levied in the county in support of the retirement fund budgets of the respective elementary or high school districts in the county.

(3) For the purposes of 20-9-370 and 20-9-371, if the district mill value per elementary ANB or the district mill value per high school ANB is less than the corresponding statewide mill value per elementary ANB or statewide mill value per high school ANB, the district may receive a state advance or reimbursement for school facilities in support of the debt service fund. (Terminates June 30, 2000—sec. 10, Ch. 211, L. 1999.)

20-9-367. (Effective July 1, 2000) Eligibility to receive guaranteed tax base aid or state advance or reimbursement for school facilities. (1) If the district guaranteed tax base ratio of any elementary or high school district is less than the corresponding statewide elementary or high school guaranteed tax base ratio, the district may receive guaranteed tax base aid based on the number of mills levied in the district in support of up to ~~38.2%~~ *35.3%* of the basic entitlement, up to ~~38.2%~~ *35.3%* of the total per-ANB entitlement, and up to 40% of the special education allowable cost payment budgeted within the general fund budget.

(2) If the county retirement mill value per elementary ANB or the county retirement mill value per high school ANB is less than the corresponding statewide mill value per elementary ANB or high school ANB, the county may receive guaranteed tax base aid based on the number of mills levied in the county in support of the retirement fund budgets of the respective elementary or high school districts in the county.

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(3) For the purposes of 20-9-370 and 20-9-371, if the district mill value per elementary ANB or the district mill value per high school ANB is less than the corresponding statewide mill value per elementary ANB or statewide mill value per high school ANB, the district may receive a state advance or reimbursement for school facilities in support of the debt service fund."

Section 10. Section 20-9-368, MCA, is amended to read:

"20-9-368. (Temporary) Amount of guaranteed tax base aid. (1) The amount of guaranteed tax base aid per ANB that a county may receive in support of the retirement fund budgets of the elementary school districts in the county is the difference between the county mill value per elementary ANB and the statewide mill value per elementary ANB, multiplied by the number of mills levied in support of the retirement fund budgets for the elementary districts in the county.

(2) The amount of guaranteed tax base aid per ANB that a county may receive in support of the retirement fund budgets of the high school districts in the county is the difference between the county mill value per high school ANB and the statewide mill value per high school ANB, multiplied by the number of mills levied in support of the retirement fund budgets for the high school districts in the county.

(3) The amount of guaranteed tax base aid that a district may receive in support of up to 38.9% of the basic entitlement, up to 38.9% of the total per-ANB entitlement budgeted within the general fund budget, and up to 40% of the special education payment is calculated in the following manner:

(a) multiply the sum of the district's direct state aid and 40% of the special education allowable cost payment by the corresponding statewide guaranteed tax base ratio;

(b) subtract the taxable valuation of the district from the product obtained in subsection (3)(a); and

(c) divide the remainder by 1,000 to determine the equivalent to the dollar amount of guaranteed tax base aid for each mill levied.

(4) Guaranteed tax base aid provided to any county or district under this section is earmarked to finance the fund or portion of the fund for which it is provided. If a county or district receives more guaranteed tax base aid than it is entitled to, the excess must be returned to the state as required by 20-9-344. (Terminates June 30, 2000—sec. 10, Ch. 211, L. 1999.)

20-9-368. (Effective July 1, 2000) Amount of guaranteed tax base aid. (1) The amount of guaranteed tax base aid per ANB that a county may receive in support of the retirement fund budgets of the elementary school districts in the county is the difference between the county mill value per elementary ANB and the statewide mill value per elementary ANB, multiplied

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by the number of mills levied in support of the retirement fund budgets for the elementary districts in the county.

(2) The amount of guaranteed tax base aid per ANB that a county may receive in support of the retirement fund budgets of the high school districts in the county is the difference between the county mill value per high school ANB and the statewide mill value per high school ANB, multiplied by the number of mills levied in support of the retirement fund budgets for the high school districts in the county.

(3) The amount of guaranteed tax base aid that a district may receive in support of up to ~~38.2%~~ *35.3%* of the basic entitlement, up to ~~38.2%~~ *35.3%* of the total per-ANB entitlement budgeted within the general fund budget, and up to 40% of the special education payment is calculated in the following manner:

(a) multiply the sum of the district's BASE budget amount less direct state aid by the corresponding statewide guaranteed tax base ratio;

(b) subtract the taxable valuation of the district from the product obtained in subsection (3)(a); and

(c) divide the remainder by 1,000 to determine the equivalent to the dollar amount of guaranteed tax base aid for each mill levied.

(4) Guaranteed tax base aid provided to any county or district under this section is earmarked to finance the fund or portion of the fund for which it is provided. If a county or district receives more guaranteed tax base aid than it is entitled to, the excess must be returned to the state as required by 20-9-344."

Section 11. Section 61-3-509, MCA, is amended to read:

"61-3-509. Disposition of taxes. (1) Except as provided in subsection ~~(2)~~ *(3)*, the county treasurer shall, after deducting the district court fee, credit all taxes on motor vehicles and fees in lieu of tax on motorcycles, quadricycles, motor homes, travel trailers, campers, trailers, pole trailers, semitrailers, buses, trucks having a manufacturer's rated capacity of more than 1 ton, and truck tractors collected under 61-3-504, 61-3-521, 61-3-527, 61-3-529, and 61-3-537, to a motor vehicle suspense fund. At some time between March 1 and March 10 of each year and every 60 days after that date, the county treasurer shall distribute the money in the motor vehicle suspense fund. Except for taxes collected under 61-3-504, the county treasurer shall distribute the money in the fund in the relative proportions required by the levies for state, county, school district, and municipal purposes in the same manner as personal property taxes are distributed.

(2) ~~For~~ *Except as provided in subsection (3), for* money in the fund collected under 61-3-504, the county treasurer shall disregard the statewide mills levied for the university system and the mills levied for ~~state~~ equalization aid under *20-9-331, 20-9-333, and* 20-9-360 in determining distribution proportions of

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the money and may not distribute money from 61-3-504 to the state for ~~either levy~~ *those levies. Money collected under 61-3-504 that previously was distributed pursuant to levies imposed by 20-9-331 and 20-9-333 is a local government reimbursement for the purposes of 15-10-420.* ~~If the distribution of money collected under 61-3-504 to a school district general fund results in a lower revenue than the district received in fiscal year 1999 and the district has, for all years after fiscal year 1999, received less revenue than in fiscal year 1999, then the district general fund is entitled to state reimbursement for the amount of the difference between the fiscal year 1999 revenue and the prior school fiscal year revenue under 61-3-504. Prior to January 31, the office of public instruction shall distribute to each school district an amount equal to the state reimbursement for the prior school year.~~

~~(2)~~*(3)* The county treasurer shall deduct as a district court fee 10% of the amount of the tax collected on light vehicles under 61-3-504(1). The county treasurer shall credit the fee for district courts to a separate suspense account and shall forward the amount in the account to the state treasurer at the time that the county treasurer distributes money from the motor vehicle suspense fund. The state treasurer shall credit amounts received under this subsection to the state special revenue fund to be used for purposes of state funding of district court expenses as provided in 3-5-901."

Section 12. Section 167, Chapter 584, Laws of 1999, is amended to read:

"**Section 167. Reimbursement to counties, cities, towns, and consolidated city-county governments for losses in revenue.** (1) (a) The department of revenue shall determine the amount of tax and other revenue lost by each local government unit as a result of the enactment of House Bill No. 128, House Bill No. 174, House Bill No. 420, House Bill No. 658, Senate Bill No. 200, and Senate Bill No. 530 for fiscal year 2000 and for fiscal year 2001. The determination must be made by August 15, 1999, for fiscal year 2000, and by March 15, 2000, for fiscal year 2001. The department shall use fiscal year 1998 as its base year for each determination.

(b) As used in this section, "local government unit" means a county, city, or town capable of levying mills, consolidated city-county government, school district, miscellaneous district, or other local district that levies mills. The term does not include the state.

(c) The department shall determine the amount of tax and other revenue due each local government unit for fiscal year 1998 from the following sources:

(i) property taxes levied by each local government unit within each county or consolidated city-county government for fiscal year 1998, but excluding any mills levied by the state pursuant to ~~[section 1 of Senate Bill No. 79]~~ *15-10-107*, 20-9-331, 20-9-333, 20-9-360, 20-25-439, and 53-2-813; and

(ii) oil and gas production taxes levied and distributed as provided for in Title 15, chapter 36.

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(2) The department shall calculate for each local government unit for fiscal year 1998 the amount of tax and other revenue that would have been due each local government unit from the sources listed in subsection (1) if House Bill No. 128, House Bill No. 174, House Bill No. 420, House Bill No. 658, Senate Bill No. 200, and Senate Bill No. 530 had been in effect for fiscal year 1998.

(3) In making the calculation provided for in subsection (2), the department shall take into account any benefit to a local government unit that levied mills against electrical generation property in fiscal year 1998 from any increase in the assessed value of electrical generation property stemming from the sale of electrical generation assets subsequent to tax year 1997.

(4) (a) Each county, city, town, and consolidated city-county government that in aggregate lost tax revenue in a particular year, based on the difference between the calculation in subsections (1)(c) and (2), must receive the same percentage of the appropriation for local government reimbursements as the appropriation bears to the total amount of loss for all local government units in this state. Payments must be made in two similar installments for each fiscal year on or about December 15 and June 15. Each county, city, town, and consolidated city-county government is authorized to distribute the revenue received among its funds and districts according to ~~current~~ *the prior* ~~year~~ *year's* mill levies. Except as provided in ~~subsections~~ *subsection* (4)(b), each tax increment financing district must receive the benefit of the reimbursement based on the loss to the incremental taxable value of the district.

(b) A tax increment financing district that consists of an industrial district created under 7-15-4299 may not receive any reimbursement under subsection (4)(a).

(5) The amount of loss calculated in subsection (2), converted to taxable value by multiplying by the applicable mill levy, ~~shall~~ *must* be added to the taxable value of taxing units to determine their bonding limits.

(6) (a) A charter form of local government that has a charter provision that prohibits an increase in the number of mills that may be levied to compensate for the loss of taxable value, as authorized in ~~[section 1]~~ *15-10-420*, is entitled to further reimbursement in addition to that computed under subsections (1) through (5) of this section.

(b) The amount of reimbursement is equal to the difference between the amount of the reimbursement calculated under subsections (1) through (5) and the amount of property tax imposed in tax year 1998. If the amount appropriated for the reimbursement under this subsection (6) is insufficient to fully fund all the jurisdictions entitled to reimbursement, the payments must be prorated to the jurisdictions. The payments must be made with the payments made under subsections (1) through (5)."

Section 13. Section 169, Chapter 584, Laws of 1999, is amended to read:

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"**Section 169. Funding — appropriations.** (1) The committees established in [section 168] may receive gifts, grants, and donations. The money received must be used for fulfilling the duties of the committees, for reimbursing the expenses of committee members, or for providing staff for the committees. The money received must be placed in a special revenue fund account to the credit of the department of administration.

(2) In addition to any funds received pursuant to subsection (1), there is appropriated $55,000 from the general fund to the committees created pursuant to the provisions of [section 168] for the biennium for the operating expenses and personnel expenses of the committees.

(3) There is appropriated to the office of public instruction from the general fund $1,980,000 for BASE aid for the biennium ending June 30, 2001.

~~(4) There is appropriated to the office of public instruction from the general fund $2,229,934 for state reimbursements for motor vehicle fee reductions under 61-3-509.~~

~~(5)~~*(4)* There is transferred from the general fund $691,246 for the fiscal year ending June 30, 2000, and $1,774,042 for the fiscal year ending June 30, 2001, to the state special revenue fund referenced in ~~[section 1 of Senate Bill No. 79]~~ *15-10-107*.

~~(6)~~*(5)* There is appropriated from the general fund $12,900,000 for the fiscal year ending June 30, 2000, and $54,934,392 for the fiscal year ending June 30, 2001, to the department of revenue for the reimbursements calculated in [section 167(1) through (5)].

~~(7)~~*(6)* There is appropriated from the general fund $1.5 million for the biennium ending June 30, 2001, to the department of revenue for the costs of administration.

~~(8)~~*(7)* There is appropriated from the general fund $2.15 million for the biennium ending June 30, 2001, to the department of revenue for the reimbursements calculated in [section 167(6)].

~~(9)~~*(8)* There is appropriated from the general fund $600,000 to the department of revenue for the biennium ending June 30, 2001, for reimbursement to tax increment financing districts created pursuant to 7-15-4299.

~~(10)~~*(9)* The governor shall include the sum of the reimbursements in this section in the present law base budget prepared for the 57th legislative session."

Section 14. Appropriation. There is appropriated $20 million from the general fund to the office of public instruction for K-12 BASE aid for the school fiscal year beginning July 1, 2000.

Section 15. General fund reserve. The amount of $37 million of general fund money is set aside as a reserve to be used by the 57th legislature for purposes of fulfilling the legislature's obligation to provide alternative funding for local governments as contemplated in sections 167 and 168, Chapter 584, Laws of 1999.

Section 16. Coordination instruction. (1) If [this act] is passed and approved and if Chapter 515, Laws of 1999, is approved by the electorate, then [section 1 of this act] is void and 15-10-420 must read as follows:

"15-10-420. Procedure for calculating levy. (1) A governmental entity that is authorized to impose mills may impose a mill levy sufficient to generate the amount of property taxes actually assessed in the prior year, even if that levy is greater than the levy established by law. The maximum number of mills that a governmental entity may impose is established by calculating the number of mills required to generate the amount of property tax actually assessed in the governmental unit in the prior year based on the current year taxable value, less the value of newly taxable property.

(2) A governmental entity may apply the levy calculated pursuant to subsection (1) plus any additional levies authorized by the voters to all property in the governmental unit, including newly taxable property.

(3) For purposes of this section, newly taxable property includes:

(a) annexation of real property and improvements into a taxing unit;

(b) construction, expansion, or remodeling of improvements;

(c) transfer of property into a taxing unit;

(d) subdivision of real property;

(e) reclassification of property;

(f) transfer of property from tax-exempt to taxable status; and

(g) revaluations caused by expansion, addition, replacement, or remodeling of improvements.

(4) Subsection (1) does not apply to school district general fund levies and the school district levy for tuition obligations established in 20-5-324(5).

(5) For purposes of subsection (1), taxes imposed:

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(a) include registration fees imposed on light vehicles under [section 2, Chapter 515, Laws of 1999] and distributed under 61-3-509(2); and

(b) do not include net or gross proceeds taxes received under 15-6-131 and 15-6-132.

(6) In determining the maximum number of mills in subsection (1), the governmental entity shall take into account any change from the prior year in the amount of statutory reimbursements for changes in the property tax laws. *The amount of motor vehicle disposition under 61-3-509(2), as that section read on December 31, 2000, is an increased statutory reimbursement.* It may increase the number of mills to account for a decrease in reimbursements and shall decrease the number of mills to fully account for any increase in reimbursements.

(7) The department shall calculate the number of mills to be imposed for purposes of 15-10-107, 20-9-331, 20-9-333, 20-9-360, 20-25-423, 20-25-439, and 53-2-813. However, the number of mills calculated by the department may not exceed the mill levy limits established in those sections.

(8) The department may adopt rules to implement this section. The rules may include a method for calculating the percentage of change in valuation for purposes of determining the elimination of property, new improvements, or newly taxable property in a governmental unit."

(2) If [this act] is passed and approved and if Chapter 515, Laws of 1999, is approved by the electorate, then [section 11 of this act] is void and [section 34], Chapter 515, Laws of 1999, amending 61-3-509, must read as follows:

"61-3-509. Disposition of taxes. *(1) All registration fees imposed by [section 2, Chapter 515, Laws of 1999] from light vehicles, all registration fees imposed by 61-3-522 from motor homes, all fees in lieu of tax imposed by 61-3-527 from motorcycles and quadricycles, and all fees imposed by 61-3-529 from buses, motor vehicles having a manufacturer's rated capacity of more than 1 ton, and truck tractors, for which a license is sought and an original application for title that includes a manufacturer's statement of origin is made, must be remitted to the state treasurer every 30 days. The state treasurer shall credit the payments to the highway restricted state special revenue account.*

~~(1)~~*(2)* Except as provided in ~~subsection (2)~~ *subsections (1) and (3)*, the county treasurer shall, after deducting the district court fee, credit all taxes on motor vehicles, ~~and~~ *registration* fees ~~in lieu of tax~~ on *light vehicles, and fees in lieu of tax on* motorcycles, quadricycles, motor homes, travel trailers, campers, trailers, pole trailers, semitrailers, buses, trucks having a manufacturer's rated capacity of more than 1 ton, and truck tractors collected under *[sections 1 through 3, Chapter 515, Laws of 1999],* ~~61-3-504,~~ 61-3-521, 61-3-527, 61-3-529, and 61-3-537~~;~~ to a motor vehicle suspense fund. At some time between March 1 and March 10 of each year and every 60 days after that date, the county treasurer shall distribute the money in the motor vehicle suspense fund.

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Except for ~~taxes~~ *registration fees* collected under ~~61-3-504~~ *[sections 1 through 3, Chapter 515, Laws of 1999]*, the county treasurer shall distribute the money in the fund in the relative proportions required by the levies for state, county, school district, and municipal purposes in the same manner as personal property taxes are distributed. For money in the fund collected under ~~61-3-504~~ *[sections 1 through 3, Chapter 515, Laws of 1999] and 61-3-527*, the county treasurer shall disregard the statewide mills levied for the university system, *county elementary and high school equalization under 20-9-331 and 20-9-333,* ~~and~~ the mills levied for state equalization aid under 20-9-360, *and the mills levied for state assumption of public assistance under 53-2-813* in determining distribution proportions of the money and may not distribute money ~~from 61-3-504~~ *collected under [sections 1 through 3, Chapter 515, Laws of 1999] and 61-3-527* to the state for ~~either levy~~ *those levies*. ~~If the distribution of money collected under 61-3-504 to a school district general fund results in a lower revenue than the district received in fiscal year 1999 and the district has, for all years after fiscal year 1999, received less revenue than in fiscal year 1999, then the district general fund is entitled to state reimbursement for the amount of the difference between the fiscal year 1999 revenue and the prior school fiscal year revenue under 61-3-504. Prior to January 31, the office of public instruction shall distribute to each school district an amount equal to the state reimbursement for the prior school year.~~

~~(2)~~*(3)* The county treasurer shall deduct as a district court fee 10% of the amount of the ~~tax~~ *registration fee* collected on light vehicles under ~~61-3-504(1)~~ *[sections 1 through 3, Chapter 515, Laws of 1999]*. The county treasurer shall credit the fee for district courts to a separate suspense account and shall forward the amount in the account to the state treasurer at the time that the county treasurer distributes money from the motor vehicle suspense fund. The state treasurer shall credit amounts received under this subsection to the state special revenue fund to be used for purposes of state funding of district court expenses as provided in 3-5-901."

(3) If [this act] is passed and approved and if Chapter 515, Laws of 1999, is approved by the electorate, then 61-3-537 must read as follows:

"61-3-537. (Temporary) Local option vehicle tax. (1) A county may impose a local vehicle tax on vehicles subject to ~~a tax~~ *the registration fee imposed* under ~~61-3-504~~ *[sections 1 through 3, Chapter 515, Laws of 1999]* at a rate of up to 0.7% of the value determined under 61-3-503 *or a local flat fee*, in addition to the ~~tax~~ *fee* imposed under ~~61-3-504~~ *[sections 1 through 3, Chapter 515, Laws of 1999]*.

(2) A local vehicle tax *or flat fee* is payable at the same time and in the same manner as the ~~tax~~ *fee* imposed under ~~61-3-504~~ *[sections 1 through 3, Chapter 515, Laws of 1999*. The first priority of the local vehicle tax *or flat fee* is for district court funding, and the tax *or fee* is distributed as follows:

(a) 50% to the county; and

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(b) the remaining 50% to the county and the incorporated cities and towns within the county, apportioned on the basis of population. The distribution to a city or town is determined by multiplying the amount of money available by the ratio of the population of the city or town to the total county population. The distribution to the county is determined by multiplying the amount of money available by the ratio of the population of unincorporated areas within the county to the total county population.

(3) The governing body of a county may impose, revise, or revoke a local vehicle tax *or flat fee* if the imposition, revision, or revocation of the tax *or fee* is approved by the electorate of the county. The imposition, revision, or revocation of the tax *or fee* is effective on January 1 following its approval by the electorate. The county governing body by resolution may provide for the distribution of the local vehicle tax *or flat fee*. (Terminates June 30, 2005—sec. 2, 3, Ch. 217, L. 1995.)

61-3-537. (Effective July 1, 2005) Local option vehicle tax. (1) A county may impose a local vehicle tax on vehicles subject to ~~a tax~~ *the registration fee imposed* under ~~61-3-504~~ *[sections 1 through 3, Chapter 515, Laws of 1999]* at a rate of up to 0.7% of the value determined under 61-3-503, in addition to the ~~tax~~ *fee* imposed under ~~61-3-504~~ *[sections 1 through 3, Chapter 515, Laws of 1999]*.

(2) A local vehicle tax *or flat fee* is payable at the same time and in the same manner as the ~~tax~~ *fee* imposed under ~~61-3-504~~ *[sections 1 through 3, Chapter 515, Laws of 1999]* and is distributed in the same manner, based on the registration address of the owner of the motor vehicle.

(3) The governing body of a county may impose, revise, or revoke a local vehicle tax if the imposition, revision, or revocation of the tax is approved by the electorate of the county. The imposition, revision, or revocation of the tax is effective on January 1 following its approval by the electorate."

Section 17. Contingent voidness. If [this act] is passed and approved, then [LC 1] is void.

Section 18. Effective dates — applicability. (1) Except as provided in subsection (2), [this act] is effective on passage and approval, and [sections 6 through 13] apply to fiscal years beginning on or after July 1, 2000, and to school budgets for school fiscal years beginning on or after July 1, 2000.

(2) [Section 16] is effective January 1, 2001.

(3) [Sections 1 through 5] apply to tax years beginning after December 31, 2001.

Approved May 25, 2000

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RESOLUTIONS

SENATE RESOLUTION NO. 1

A RESOLUTION OF THE SENATE OF THE STATE OF MONTANA CONCURRING IN, CONFIRMING, AND CONSENTING TO THE NOMINATION AND APPOINTMENT MADE BY THE GOVERNOR AND SUBMITTED TO THE SENATE OF HONORABLE MICHAEL OLEN MCCARTER AS WORKERS' COMPENSATION JUDGE.

WHEREAS, the Governor of the State of Montana has made the nomination, below designated, of an appointment that has been submitted to the Senate by the Governor, to wit:

Michael Olen McCarter as Workers' Compensation Judge for the State of Montana, for a 6-year term of office commencing September 7, 1999, and ending September 6, 2005.

NOW, THEREFORE, BE IT RESOLVED BY THE SENATE OF THE STATE OF MONTANA:

That the Senate of the May 2000 Special Session of the 56th Legislature of the State of Montana does hereby concur in, confirm, and consent to the above nomination.

BE IT FURTHER RESOLVED, that the Secretary of the Senate immediately deliver a copy of this resolution, certified by the President and Secretary of the Senate, to the Secretary of State and a copy, certified by the Secretary of the Senate, to the Governor pursuant to section 5-5-303, MCA.

Adopted May 8, 2000

SENATE RESOLUTION NO. 2

A RESOLUTION OF THE SENATE OF THE STATE OF MONTANA CONCURRING IN, CONFIRMING, AND CONSENTING TO THE NOMINATION AND APPOINTMENT MADE BY THE GOVERNOR AND SUBMITTED TO THE SENATE OF HONORABLE STEWART EVANS STADLER AS DISTRICT JUDGE, ELEVENTH JUDICIAL DISTRICT, FLATHEAD COUNTY, MONTANA.

WHEREAS, the Governor of the State of Montana has made the nomination, below designated, of an appointment that has been submitted to the Senate by the Governor, to wit:

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Stewart Evans Stadler, as District Judge, Eleventh Judicial District, Flathead County, Montana.

NOW, THEREFORE, BE IT RESOLVED BY THE SENATE OF THE STATE OF MONTANA:

That the Senate of the May 2000 Special Session of the 56th Legislature of the State of Montana does hereby concur in, confirm, and consent to the above nomination.

BE IT FURTHER RESOLVED, that the Secretary of the Senate immediately deliver a copy of this resolution, certified by the President and Secretary of the Senate, to the Secretary of State and a copy, certified by the Secretary of the Senate, to the Governor pursuant to section 5-5-303, MCA.

Adopted May 8, 2000

SENATE RESOLUTION NO. 3

A RESOLUTION OF THE SENATE OF THE STATE OF MONTANA CONCURRING IN, CONFIRMING, AND CONSENTING TO THE NOMINATION AND APPOINTMENT MADE BY THE GOVERNOR AND SUBMITTED TO THE SENATE OF HONORABLE WILLIS BLAIR JONES AS DISTRICT JUDGE, TWENTY-SECOND JUDICIAL DISTRICT, STILLWATER, CARBON, AND BIG HORN COUNTIES, MONTANA.

WHEREAS, the Governor of the State of Montana has made the nomination, below designated, of an appointment that has been submitted to the Senate by the Governor, to wit:

Willis Blair Jones as District Judge, Twenty-second Judicial District, Stillwater, Carbon, and Big Horn Counties, Montana.

NOW, THEREFORE, BE IT RESOLVED BY THE SENATE OF THE STATE OF MONTANA:

That the Senate of the May 2000 Special Session of the 56th Legislature of the State of Montana does hereby concur in, confirm, and consent to the above nomination.

BE IT FURTHER RESOLVED, that the Secretary of the Senate immediately deliver a copy of this resolution, certified by the President and Secretary of the Senate, to the Secretary of State and a copy, certified by the Secretary of the Senate, to the Governor pursuant to section 5-5-303, MCA.

Adopted May 8, 2000

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HOUSE JOINT RESOLUTION NO. 1

A JOINT RESOLUTION OF THE SENATE AND THE HOUSE OF REPRESENTATIVES OF THE STATE OF MONTANA REVISING THE OFFICIAL ESTIMATE, CONTAINED IN HOUSE JOINT RESOLUTION NO. 2, LAWS OF 1999, OF THE STATE'S ANTICIPATED REVENUE FOR EACH YEAR OF THE 2000-01 BIENNIUM FOR THE PURPOSE OF ACHIEVING A BALANCED BUDGET AS MANDATED BY ARTICLE VIII, SECTION 9, OF THE MONTANA CONSTITUTION; ACCEPTING THE JUNE 30, 1999, GENERAL FUND BALANCE THAT WAS ESTABLISHED BASED ON GENERALLY ACCEPTED ACCOUNTING PRINCIPLES; AND REQUESTING THE GOVERNOR'S OFFICE OF BUDGET AND PROGRAM PLANNING TO USE THE REVENUE ESTIMATES CONTAINED IN THIS RESOLUTION AS OFFICIAL REVISED REVENUE ESTIMATES FOR FISCAL YEAR 2000 AND FOR FISCAL YEAR 2001.

WHEREAS, House Bill No. 260 (Chapter 563, Laws of 1999) created a coal producer's license tax; and

WHEREAS, revenue from the coal producer's license tax was intended to be used, in part, for investing in research and commercialization projects and economic development programs in Montana; and

WHEREAS, the Montana Supreme Court declared the coal producer's license tax an unconstitutional diversion of the coal severance tax; and

WHEREAS, the research and commercialization projects and economic development programs contained in Chapter 563, Laws of 1999, are unfunded because of the Supreme Court decision; and

WHEREAS, the Governor issued a call for a special session to begin May 8, 2000, for the purpose of appropriating from the general fund amounts necessary to fund research and commercialization projects and certain economic development programs; and

WHEREAS, at the end of the 1999 Legislative Session, the ending general fund balance for the 2000-01 biennium budget was projected to be $51.5 million; and

WHEREAS, fiscal year 1999 general fund revenue collections have exceeded the amount estimated by the Legislature in House Joint Resolution No. 2, Laws of 1999; and

WHEREAS, general fund revenue collections for the 2000-01 biennium are expected to exceed the revenue estimates contained in House Joint Resolution No. 2; and

WHEREAS, the revised ending fund balance for the 2000-01 biennium is estimated to be $137.7 million; and

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WHEREAS, the Governor is proposing to use general fund money to provide resources for research and commercialization projects and for certain economic development programs; and

WHEREAS, the amount of estimated revenue affects policy decisions of the Executive Branch and the Legislative Branch; and

WHEREAS, the revenue estimates contained in this resolution and the underlying assumptions provide the basis for a comprehensive analysis of the state's financial condition; and

WHEREAS, given the magnitude of the anticipated 2000-01 biennium surplus and given the Legislature's responsibility to balance the budget under Article VIII, section 9, of the Montana Constitution, it is in the best interest of the state that the official revenue estimates for the 2000-01 biennium be revised.

NOW, THEREFORE, BE IT RESOLVED BY THE SENATE AND THE HOUSE OF REPRESENTATIVES OF THE STATE OF MONTANA:

That the state general fund revenue for fiscal years 2000 and 2001 be estimated to be $1,156,942,000 and $1,140,613,000, respectively.

BE IT FURTHER RESOLVED, that the Legislature accept for budget purposes the unreserved fund balance of $109,674,000 for the general fund, prepared according to generally accepted accounting principles as published in the audited state financial statements as of June 30, 1999.

BE IT FURTHER RESOLVED, that the Governor's Office of Budget and Program Planning use, as contemplated in 5-18-107(2), the revenue estimates contained in this resolution as the official revenue estimates for fiscal year 2000 and for fiscal year 2001.

GENERAL FUND REVENUE

The revised estimates for total general fund revenue for the 2000-01 biennium are based on an assumption of a continuation of Montana law as it existed on May 1, 2000. The general fund revenue estimates contained in the following table are also based on assumptions adopted by the Legislature in House Joint Resolution No. 2 during the 1999 Legislative Session, statutory changes affecting general fund revenue that were enacted during the 1999 Legislative Session, and revisions to certain assumptions, including those related to wage and salary income and capital gains income and to oil prices.

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Current Law
General Fund Revenue Estimates
(In Millions of Dollars)

Source of Revenue	Actual FY 1999	Estimated FY 2000	Estimated FY 2001	Estimated FY 2000 and FY 2001
Individual Income Tax	$483.032	$511.099	$531.786	$1,042.885
Property Tax	201.759	191.893	173.193	365.086
Corporation Income Tax	80.142	91.939	72.730	164.669
Common School Interest & Income	41.433	42.506	42.215	84.721
Permanent Trust Interest Earnings	16.698	41.115	41.453	82.568
Insurance Premiums Tax	38.137	38.629	36.646	75.275
Tobacco Settlement	0.000	34.805	25.325	60.130
All Other Revenue	35.115	19.264	18.098	37.362
U.S. Federal Royalty	17.650	19.827	19.735	39.562
TCA Interest Earnings	17.920	14.478	14.490	28.968
Inheritance Tax	18.302	16.733	17.587	34.320
Video Gaming Tax	12.559	13.389	14.124	27.513
Motor Vehicle License Fee	11.053	12.391	12.606	24.997
Institution Reimbursements	11.136	9.697	10.041	19.738
Cigarette Tax	8.823	9.810	9.946	19.756
Coal Severance Tax	9.284	8.309	7.787	16.096
Oil Severance Tax	6.481	9.373	10.305	19.678
Lottery Profit	6.780	6.537	6.464	13.001
Liquor Excise Tax	6.666	6.628	6.744	13.372
Nursing Facilities Fee	5.713	5.981	5.874	11.855
Telephone License Tax	6.037	3.167	0.000	3.167
Telecommunications Excise Tax	0.000	12.372	23.936	36.308

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Liquor Profits	6.000	5.667	5.754	11.421
Electric Energy License Tax	4.618	4.567	4.606	9.173
Wholesale Energy Tax	0.000	1.701	3.425	5.126
Investment Licenses	4.413	4.691	4.978	9.669
Highway Patrol Fines	3.755	4.657	5.009	9.666
Driver's License Fee	3.234	2.242	1.925	4.167
Metalliferous Mines Tax	3.306	3.388	3.225	6.613
Contractor's Gross Receipts Tax	3.320	3.176	3.520	6.696
Railroad Car Tax	2.074	2.130	2.153	4.283
Tobacco Tax	1.791	1.995	2.116	4.111
Long-Range Bond Excess	0.386	0.261	0.243	0.504
Natural Gas Severance Tax	1.024	1.124	1.109	2.233
Wine Tax	0.965	1.039	1.099	2.138
Beer Tax	0.374	0.362	0.366	0.728
Total General Fund	$1,069.980	$1,156.942	$1,140.613	$2,297.555

Adopted May 10, 2000

HOUSE JOINT RESOLUTION NO. 2

A JOINT RESOLUTION OF THE SENATE AND THE HOUSE OF REPRESENTATIVES OF THE STATE OF MONTANA OPPOSING ANY NEW DESIGNATION FOR THE MISSOURI RIVER.

WHEREAS, a majority of Montanans oppose a new designation for the Missouri River; and

WHEREAS, the Missouri River is protected by the federal Wild and Scenic Rivers Act, Montana subdivision law, and county development regulations; and

WHEREAS, expanding the designation will incorporate more private and state land holdings under federal management plans; and

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WHEREAS, Article IV, section 3, of the Constitution of the United States gives authority over public lands to Congress; and

WHEREAS, House Resolution No. 1487 requires the President of the United States of America to seek public input and to consult with elected officials of the affected state at least 60 days before taking any action.

NOW, THEREFORE, BE IT RESOLVED BY THE SENATE AND THE HOUSE OF REPRESENTATIVES OF THE STATE OF MONTANA:

That the Legislature of the State of Montana respectfully request the Secretary of the Interior, Mr. Bruce Babbitt, to set aside any new proposed designation and support the proven management practices that have maintained the pristine conditions of the Missouri River since first traversed by the Corp of Discovery in 1804.

BE IT FURTHER RESOLVED, that the Secretary of State send copies of this resolution to the Secretary of the Interior and the Montana Congressional Delegation.

Adopted May 11, 2000

HOUSE JOINT RESOLUTION NO. 3

A JOINT RESOLUTION OF THE SENATE AND THE HOUSE OF REPRESENTATIVES OF THE STATE OF MONTANA URGING THE UNITED STATES CONGRESS TO REVISE SIGNIFICANTLY FEDERAL ESTATE TAX LAW TO REDUCE THE ONEROUS TAX BURDEN RELATED TO THE TRANSFER OF PROPERTY.

WHEREAS, Montana values and way of life are threatened by the federal estate tax that makes the passing down of family businesses difficult if not impossible; and

WHEREAS, Montana farmers and ranchers have been good citizens and stewards of the land and have provided hunting, fishing, and other recreational opportunities for Montana citizens; and

WHEREAS, open space is one of the values most cherished by Montana citizens; and

WHEREAS, the enjoyment of that open space is threatened by changing ownership patterns and by the subdivision of historic Montana property; and

WHEREAS, the asset value of Montana property is determined by external economic forces unrelated to the property's ability to produce a commensurate rate of return; and

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WHEREAS, it is virtually impossible to generate sufficient capital to pay federal estate taxes without selling the underlying asset.

NOW, THEREFORE, BE IT RESOLVED BY THE SENATE AND THE HOUSE OF REPRESENTATIVES OF THE STATE OF MONTANA:

That Congress be encouraged to revise significantly federal estate taxes to reduce the onerous tax burden related to the transfer of family businesses, including farms and ranches, in order to sustain the social fabric of the state.

BE IT FURTHER RESOLVED, that the Secretary of State send copies of this resolution to the Montana Congressional Delegation, the President of the United States Senate, and the Speaker of the United States House of Representatives.

Adopted May 11, 2000

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SESSION LAW TABLES

SENATE BILL NUMBER TO CHAPTER NUMBER

Bill No.	Chapter No.
SB 2	3
SB 4	6
SB 6	4
SB 7	1
SB 9	7
SB 11	8
SB 13	5

HOUSE BILL NUMBER TO CHAPTER NUMBER

Bill No.	Chapter No.
HB 1	10
HB 2	2
HB 4	11
HB 7	9

CHAPTER NUMBER TO BILL NUMBER

Chapter No.	Bill No.
1	SB 7
2	HB 2
3	SB 2
4	SB 6
5	SB 13
6	SB 4
7	SB 9
8	SB 11
9	HB 7
10	HB 1
11	HB 4

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EFFECTIVE DATES BY CHAPTER NUMBER

Chapter No.	Bill No.	Effective Date
Ch. 1	SB 7	05/11/2000
Ch. 2	HB 2	05/11/2000
Ch. 3	SB 2	05/11/2000
Ch. 4	SB 6	05/11/2000
Ch. 5	SB 13	11/07/2000 Upon approval by the Electorate
Ch. 6	SB 4	05/18/2000
Ch. 7	SB 9	05/18/2000
Ch. 8	SB 11	05/18/2000
Ch. 9 All Sections	HB 7	11/07/2000 Upon approval by the Electorate
Ch. 10 §§ 1, 3, and 5-10	HB 1	05/22/2000
§§ 2 and 4		07/01/2001
Ch. 11 §§ 1-15, 17, and 18	HB 4	05/25/2000
§ 16		01/01/2001

EFFECTIVE DATES BY DATE

Effective Date	Chapter No.	Bill No.
05/11/2000	Ch. 1	SB 7
05/11/2000	Ch. 2	HB 2
05/11/2000	Ch. 3	SB 2
05/11/2000	Ch. 4	SB 6
05/18/2000	Ch. 6	SB 4
05/18/2000	Ch. 7	SB 9
05/18/2000	Ch. 8	SB 11
05/22/2000	Ch. 10 §§ 1, 3, and 5-10	HB 1
05/25/2000	Ch. 11 §§ 1-15, 17, and 18	HB 4
11/07/2000 Upon approval by the Electorate	Ch. 5	SB 13
11/07/2000 All Sections, Upon approval by the Electorate	Ch. 9	HB 7
01/01/2001	Ch. 11 § 16	HB 4
07/01/2001	Ch. 10 §§ 2 and 4	HB 1

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SESSION LAW TO CODE

Ch.	Sec.	MCA
1	1	87-4-407
	2	87-4-411
	3	Saving clause
	4	Effective date
2	1	Appropriation for special session
	2	Reversion
	3	Effective date
3	1	15-31-803
	2	Effective date
4	1	17-6-317
	2	17-6-311
	3	17-6-312
	4	17-6-314
	5	17-6-324
	6	Codification instruction
	7	Effective date
5	1	Art. XII, Mont. Const.
	2	Effective date
	3	Submission to electorate
6	1	Sec. 5, Ch. 269, L. 1999
	2	Effective date
7	1	82-4-302
	2	82-4-336
	3	Effective date
	4	Applicability
8	1	15-70-204
	2	15-70-205
	3	67-1-301
	4	Effective date
9	1-39	Referendum to repeal state inheritance taxes
10	1	15-35-108
	2	15-35-108
	3	17-7-502
	4	90-6-710
	5	Sec. 2, Ch. 517, L. 1999
	6	Sec. 5, Ch. 517, L. 1999
	7	Appropriation — fund transfer
	8	Effective dates
	9	Retroactive applicability
	10	Termination
11	1	15-6-136
	2	15-6-138
	3	15-6-201
	4	15-7-111
	5	15-8-111
	6	15-10-420
	7	20-9-141
	8	20-9-306
	9	20-9-367
	10	20-9-368
	11	61-3-509
	12	Sec. 167, Ch. 584, L. 1999
	13	Sec. 169, Ch. 584, L. 1999
	14	Appropriation
	15	General fund reserve
	16	Coordination instruction
	17	Contingent voidness
	18	Effective dates — applicability

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MONTANA CODE ANNOTATED

MAY 2000 SPECIAL SESSION UPDATE

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CODE SECTIONS AFFECTED

Title-Ch.-Sec.	Action	Chapter	Bill #
15-6-136	amended	Ch. 11	HB 4
15-6-138	amended	Ch. 11	HB 4
15-6-201	amended	Ch. 11	HB 4
15-7-111	amended	Ch. 11	HB 4
15-8-111	amended	Ch. 11	HB 4
15-10-420	amended	Ch. 11	HB 4
15-31-803	amended	Ch. 3	SB 2
15-35-108	amended	Ch. 10	HB 1
15-70-204	amended	Ch. 8	SB 11
15-70-205	amended	Ch. 8	SB 11
17-6-311	amended	Ch. 4	SB 6
17-6-312	amended	Ch. 4	SB 6
17-6-314	amended	Ch. 4	SB 6
17-6-317	enacted	Ch. 4	SB 6
17-6-324	amended	Ch. 4	SB 6
17-7-502	amended	Ch. 10	HB 1
20-9-141	amended	Ch. 11	HB 4
20-9-306	amended	Ch. 11	HB 4
20-9-367	amended	Ch. 11	HB 4
20-9-368	amended	Ch. 11	HB 4
61-3-509	amended	Ch. 11	HB 4
67-1-301	amended	Ch. 8	SB 11
82-4-302	amended	Ch. 7	SB 9
82-4-336	amended	Ch. 7	SB 9
87-4-407	amended	Ch. 1	SB 7
87-4-411	amended	Ch. 1	SB 7
90-6-710	amended	Ch. 10	HB 1

SESSION LAWS AFFECTED

Laws Affected	Action	Chapter	Bill #
Laws of 1999			
Ch. 269, sec. 5	amended	Ch. 6	SB 4
Ch. 517, sec. 2, 5	amended	Ch. 10	HB 1
Ch. 584, sec. 167, 169	amended	Ch. 11	HB 4

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MONTANA CODE ANNOTATED
UPDATED SECTION TEXT

TITLE 7

LOCAL GOVERNMENT

CHAPTER 15

HOUSING AND CONSTRUCTION

Compiler's Comments Under 7-15-4296

Clarification of Bonding: Section 1, Ch. 6, Sp. L. May 2000, amended sec. 5, Ch. 269, L. 1999, to provide: "**Authorization of bonds.** (1) The board of examiners is authorized to issue and sell general obligation bonds in an amount not exceeding $20 million for aerospace transportation and technology infrastructure development projects, as defined in 7-15-4283, except as provided in subsection (2) of this section, in accordance with the terms and in the manner required by Title 17, chapter 5, part 8, and upon the authority granted to the board by this section. The bonds are in addition to any other authorization to the board to issue and sell general obligation bonds and subject to the conditions set forth in this section.

(2) For purposes of the general obligation bonds authorized in this section, 7-15-4288(5) and (7) ~~is~~ *are* excluded from the definition of aerospace transportation and technology infrastructure development projects. *Bond proceeds are appropriated to the department of commerce for assisting in funding authorized aerospace transportation and technology infrastructure development projects. The department may request the board of examiners to issue the bonds for specified projects for a single or multiple entities, but the total amount of bonds issued may not exceed $20 million. The portions of aerospace transportation and technology infrastructure development projects that are financed with bond proceeds are owned by the state and may be leased to the local government creating the tax increment financing district or to the entity for whom the project is created at a fair value, taking into consideration job creation and overall tax revenue generated by the project. For purposes of this section, state and local governments may not provide telecommunications or other services in competition with private providers unless private providers cannot provide the services.*

(3) It is the intent of the legislature that debt service payments for the bonds authorized by this section will be covered by the ~~increased taxes paid to the state~~ *totality of the taxes generated* by the ~~venture star~~ *aerospace transportation and technology infrastructure development* ~~project~~ *projects to be calculated by an economic impact analysis of the projects on state tax revenue.* When requesting the board of examiners to issue the bonds, the department of commerce shall present to the department of administration for presentation to the board of examiners the following:

(a) evidence satisfactory to the board that ~~venture star~~ *each aerospace transportation and technology infrastructure development project* has committed itself to locate its project in Montana and has acquired a site for the project; and

(b) a certificate signed by the director of the office of budget and program planning that the tax revenue to be received by the state from ~~the venture star~~ *each aerospace transportation and technology infrastructure development* project will be sufficient to pay the principal of and interest on the bonds." Amendment effective May 18, 2000.

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TITLE 15

TAXATION

CHAPTER 6

PROPERTY SUBJECT TO TAXATION

15-6-136. *(Temporary)* **Class six property — description — taxable percentage.** (1) Class six property includes:

(a) livestock that are not exempt under 15-6-201(1)(bb) and other species of domestic animals and wildlife raised in domestication or a captive environment, except for cats, dogs, and other household pets not raised for profit;

(b) items of personal property intended for rent or lease in the ordinary course of business if each item of personal property satisfies all of the following:

(i) the acquired cost of the personal property is less than $15,000;

(ii) the personal property is owned by a business whose primary business income is from rental or lease of personal property to individuals when no one customer of the business accounts for more than 10% of the total rentals or leases during a calendar year;

(iii) the lease of the personal property is generally on an hourly, daily, or weekly basis; and

(c) machinery and equipment used in canola seed oil processing facilities if:

(i) the operators of those facilities employ a minimum of 15 full-time employees; and

(ii) a canola seed oil processing facility locates in the state of Montana after July 25, 1989; and

(d) machinery and equipment used in a malting barley facility.

(2) "Canola seed oil processing facility" means a facility that:

(a) extracts oil from canola seeds, refines the crude oil to produce edible oil, formulates and packages the edible oil into food products, or engages in any one or more of those processes; and

(b) employs at least 15 employees in a full-time capacity.

(3) "Malting barley facility" means a facility and integral machinery and equipment used principally to malt malting barley and includes machinery and equipment to mix, blend, transport, transfer, or process the barley and malt at the facility.

(4) Class six property is taxed at:

(a) 4% of its market value for tax years ending on or before December 31, 1999;

(b) 3% of its market value for tax year 2000;

(c) 2% of its market value for tax year 2001; and

(d) 1% of its market value for tax year 2002. *(Repealed effective January 1, 2003—secs. 27, 31, Ch. 285, L. 1999.)*

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History: En. Sec. 6, Ch. 693, L. 1979; amd. Sec. 1, Ch. 330, L. 1981; amd. Sec. 5, Ch. 613, L. 1981; amd. Sec. 2, Ch. 599, L. 1983; amd. Sec. 2, Ch. 570, L. 1985; amd. Sec. 1, Ch. 660, L. 1987; amd. Sec. 1, Ch. 598, L. 1989; amd. Sec. 1, Ch. 648, L. 1989; amd. Sec. 2, Ch. 10, Sp. L. June 1989; amd. Sec. 5, Ch. 773, L. 1991; amd. Sec. 1, Ch. 409, L. 1997; amd. Sec. 1, Ch. 546, L. 1997; amd. Sec. 11, Ch. 285, L. 1999; amd. Sec. 1, Ch. 555, L. 1999; amd. Sec. 1, Ch. 11, Sp. L. May 2000.

Compiler's Comments

2000 Amendment: Chapter 11 in (1)(a) substituted reference to 15-6-201(1)(bb) for reference to 15-6-201(1)(cc). Amendment effective May 25, 2000, and terminates January 1, 2001, if Ch. 515, L. 1999, is approved by the electorate on November 7, 2000.

Applicability: Section 18(3), Ch. 11, Sp. L. May 2000, provided: "[Sections 1 through 5] [15-6-136, 15-6-138, 15-6-201, 15-7-111, and 15-8-111] apply to tax years beginning after December 31, 2001."

15-6-138. *(Temporary)* **Class eight property — description — taxable percentage.** (1) Class eight property includes:

(a) all agricultural implements and equipment that are not exempt under 15-6-201(1)(bb);

(b) all mining machinery, fixtures, equipment, tools that are not exempt under 15-6-201(1)(r), and supplies except those included in class five;

(c) all oil and gas production machinery, fixtures, equipment, including pumping units, oil field storage tanks, water storage tanks, water disposal injection pumps, gas compressor and dehydrator units, communication towers, gas metering shacks, treaters, gas separators, water flood units, gas boosters, and similar equipment that is skidable, portable, or movable, tools that are not exempt under 15-6-201(1)(r), and supplies except those included in class five;

(d) all manufacturing machinery, fixtures, equipment, tools that are not exempt under 15-6-201(1)(r) or (1)(bb), and supplies except those included in class five;

(e) all goods and equipment that are intended for rent or lease, except goods and equipment that are specifically included and taxed in another class;

(f) special mobile equipment as defined in 61-1-104;

(g) furniture, fixtures, and equipment, except that specifically included in another class, used in commercial establishments as defined in this section;

(h) x-ray and medical and dental equipment;

(i) citizens' band radios and mobile telephones;

(j) radio and television broadcasting and transmitting equipment;

(k) cable television systems;

(l) coal and ore haulers;

(m) theater projectors and sound equipment; and

(n) all other property that is not included in any other class in this part, except that property that is subject to a fee in lieu of a property tax.

(2) As used in this section, "coal and ore haulers" means nonhighway vehicles that exceed 18,000 pounds per axle and that are primarily designed and used to transport coal, ore, or other earthen material in a mining or quarrying environment.

(3) "Commercial establishment" includes any hotel; motel; office; petroleum marketing station; or service, wholesale, retail, or food-handling business.

(4) Class eight property is taxed at:

(a) 6% of its market value for tax years beginning after December 31, 1997; and

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(b) 3% of its market value for tax years beginning after December 31, 1999.

(5) (a) If, in any year beginning with tax year 2004, the percentage growth in inflation-adjusted Montana wage and salary income, in the last full year for which data is available, is at least 2.85% from the prior year, then the tax rate for class eight property will be reduced by 1% each year until the tax rate reaches zero.

(b) The department shall calculate the percentage growth in subsection (5)(a) by using the formula (W/CPI) - 1, where:

(i) W is the Montana wage and salary income for the most current available year divided by the Montana wage and salary income for the year prior to the most current available year; and

(ii) CPI is the consumer price index for the most current available year used in subsection (5)(b)(i) divided by the consumer price index for the year prior to the most current available year as used in subsection (5)(b)(i).

(c) For purposes of determining the percentage growth in subsection (5)(a), the department shall use the wage and salary data series referred to as the bureau of economic analysis of the United States department of commerce Montana wage and salary disbursements. Inflation must be measured by the consumer price index, U.S. city average, all urban consumers (CPI-U), using the 1982-84 base of 100, as published by the bureau of labor statistics of the United States department of labor.

(6) Beginning with tax year 2000, the class eight property of a person or business entity that owns an aggregate of $5,000 or less in market value of class eight property is exempt from taxation. *(Repealed on occurrence of contingency—secs. 27(2), 31(4), Ch. 285, L. 1999.)*

History: En. Sec. 8, Ch. 693, L. 1979; amd. Sec. 62, Ch. 575, L. 1981; amd. Sec. 1, Ch. 278, L. 1983; amd. Sec. 1, Ch. 599, L. 1983; amd. Sec. 4, Ch. 516, L. 1985; amd. Sec. 3, Ch. 743, L. 1985; amd. Sec. 5, Ch. 453, L. 1987; amd. Sec. 1, Ch. 584, L. 1987; amd. Sec. 3, Ch. 611, L. 1987; amd. Sec. 2, Ch. 576, L. 1989; amd. Sec. 2, Ch. 598, L. 1989; amd. Sec. 5, Ch. 10, Sp. L. June 1989; amd. Sec. 1, Ch. 575, L. 1993; amd. Sec. 1, Ch. 570, L. 1995; amd. Sec. 2, Ch. 121, L. 1997; amd. Sec. 2, Ch. 496, L. 1997; amd. Sec. 12, Ch. 285, L. 1999; amd. Sec. 1, Ch. 551, L. 1999; amd. Sec. 2, Ch. 555, L. 1999; amd. Sec. 2, Ch. 11, Sp. L. May 2000.

Compiler's Comments

2000 Amendment: Chapter 11 in two places substituted reference to 15-6-201(1)(bb) for reference to 15-6-201(1)(cc). Amendment effective May 25, 2000.

Applicability: Section 18(3), Ch. 11, Sp. L. May 2000, provided: "[Sections 1 through 5] [15-6-136, 15-6-138, 15-6-201, 15-7-111, and 15-8-111] apply to tax years beginning after December 31, 2001."

15-6-201. *(Temporary)* **Exempt categories.** (1) The following categories of property are exempt from taxation:

(a) except as provided in 15-24-1203, the property of:

(i) the United States, except:

(A) if congress passes legislation that allows the state to tax property owned by the federal government or an agency created by congress; or

(B) as provided in 15-24-1103;

(ii) the state, counties, cities, towns, and school districts;

(iii) irrigation districts organized under the laws of Montana and not operating for profit;

(iv) municipal corporations;

(v) public libraries; and

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(vi) rural fire districts and other entities providing fire protection under Title 7, chapter 33;

(b) buildings, with land that they occupy and furnishings in the buildings, that are owned by a church and used for actual religious worship or for residences of the clergy, together with adjacent land reasonably necessary for convenient use of the buildings;

(c) property used exclusively for agricultural and horticultural societies, for educational purposes, and for nonprofit health care facilities, as defined in 50-5-101, licensed by the department of public health and human services and organized under Title 35, chapter 2 or 3. A health care facility that is not licensed by the department of public health and human services and organized under Title 35, chapter 2 or 3, is not exempt.

(d) property that is:

(i) owned and held by an association or corporation organized under Title 35, chapter 2, 3, 20, or 21;

(ii) devoted exclusively to use in connection with a cemetery or cemeteries for which a permanent care and improvement fund has been established as provided for in Title 35, chapter 20, part 3; and

(iii) not maintained and operated for private or corporate profit;

(e) subject to subsection (2), property that is owned or property that is leased from a federal, state, or local governmental entity by institutions of purely public charity if the property is directly used for purely public charitable purposes;

(f) evidence of debt secured by mortgages of record upon real or personal property in the state of Montana;

(g) public museums, art galleries, zoos, and observatories that are not used or held for private or corporate profit;

(h) all household goods and furniture, including but not limited to clocks, musical instruments, sewing machines, and wearing apparel of members of the family, used by the owner for personal and domestic purposes or for furnishing or equipping the family residence;

(i) truck canopy covers or toppers and campers;

(j) a bicycle, as defined in 61-1-123, used by the owner for personal transportation purposes;

(k) motor homes;

(l) all watercraft;

(m) motor vehicles, land, fixtures, buildings, and improvements owned by a cooperative association or nonprofit corporation organized to furnish potable water to its members or customers for uses other than the irrigation of agricultural land;

(n) the right of entry that is a property right reserved in land or received by mesne conveyance (exclusive of leasehold interests), devise, or succession to enter land with a surface title that is held by another to explore, prospect, or dig for oil, gas, coal, or minerals;

(o) (i) property that is owned and used by a corporation or association organized and operated exclusively for the care of persons with developmental disabilities, persons with mental illness, or persons with physical or mental impairments that constitute or result in substantial impediments to employment and that is not operated for gain or profit; and

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(ii) property that is owned and used by an organization owning and operating facilities that are for the care of the retired, aged, or chronically ill and that are not operated for gain or profit;

(p) all farm buildings with a market value of less than $500 and all agricultural implements and machinery with a market value of less than $100;

(q) property owned by a nonprofit corporation that is organized to provide facilities primarily for training and practice for or competition in international sports and athletic events and that is not held or used for private or corporate gain or profit. For purposes of this subsection (1)(q), "nonprofit corporation" means an organization that is exempt from taxation under section 501(c) of the Internal Revenue Code and incorporated and admitted under the Montana Nonprofit Corporation Act.

(r) (i) the first $15,000 or less of market value of tools owned by the taxpayer that are customarily hand-held and that are used to:

(A) construct, repair, and maintain improvements to real property; or

(B) repair and maintain machinery, equipment, appliances, or other personal property;

(ii) space vehicles and all machinery, fixtures, equipment, and tools used in the design, manufacture, launch, repair, and maintenance of space vehicles that are owned by businesses engaged in manufacturing and launching space vehicles in the state or that are owned by a contractor or subcontractor of that business and that are directly used for space vehicle design, manufacture, launch, repair, and maintenance;

(s) harness, saddlery, and other tack equipment;

(t) a title plant owned by a title insurer or a title insurance producer, as those terms are defined in 33-25-105;

(u) timber as defined in 15-44-102;

(v) all trailers as defined in 61-1-111, semitrailers as defined in 61-1-112, pole trailers as defined in 61-1-114, and travel trailers as defined in 61-1-131;

(w) all vehicles registered under 61-3-456;

(x) (i) buses, trucks having a manufacturer's rated capacity of more than 1 ton, and truck tractors, including buses, trucks, and truck tractors apportioned under Title 61, chapter 3, part 7; and

(ii) personal property that is attached to a bus, truck, or truck tractor that is exempt under subsection (1)(x)(i);

(y) motorcycles and quadricycles;

(z) the following percentage of the market value of residential property as described in 15-6-134(1)(e) and (1)(f):

(i) 16% for tax year 1999;

(ii) 23% for tax year 2000;

(iii) 27.5% for tax year 2001; and

(iv) 31% for tax year 2002 and succeeding tax years;

(aa) the following percentage of the market value of commercial property as described in 15-6-134(1)(g);

(i) 6.5% for tax year 1999;

(ii) 9% for tax year 2000;

(iii) 11% for tax year 2001; and

(iv) 13% for tax year 2002 and succeeding tax years; and

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(bb) personal property used by an industrial dairy or an industrial milk processor and dairy livestock used by an industrial dairy.

(2) (a) For the purposes of subsection (1)(e):

(i) the term "institutions of purely public charity" includes any organization that meets the following requirements:

(A) The organization offers its charitable goods or services to persons without regard to race, religion, creed, or gender and qualifies as a tax-exempt organization under the provisions of section 501(c)(3), Internal Revenue Code, as amended.

(B) The organization accomplishes its activities through absolute gratuity or grants. However, the organization may solicit or raise funds by the sale of merchandise, memberships, or tickets to public performances or entertainment or by other similar types of fundraising activities.

(ii) agricultural property owned by a purely public charity is not exempt if the agricultural property is used by the charity to produce unrelated business taxable income as that term is defined in section 512 of the Internal Revenue Code, 26 U.S.C. 512. A public charity claiming an exemption for agricultural property shall file annually with the department a copy of its federal tax return reporting any unrelated business taxable income received by the charity during the tax year, together with a statement indicating whether the exempt property was used to generate any unrelated business taxable income.

(b) For the purposes of subsection (1)(g), the term "public museums, art galleries, zoos, and observatories" means governmental entities or nonprofit organizations whose principal purpose is to hold property for public display or for use as a museum, art gallery, zoo, or observatory. The exempt property includes all real and personal property reasonably necessary for use in connection with the public display or observatory use. Unless the property is leased for a profit to a governmental entity or nonprofit organization by an individual or for-profit organization, real and personal property owned by other persons is exempt if it is:

(i) actually used by the governmental entity or nonprofit organization as a part of its public display;

(ii) held for future display; or

(iii) used to house or store a public display.

(3) For the purposes of subsection (1)(bb):

(a) "industrial dairy" means a large-scale dairy operation with 1,000 or more milking cows and includes the dairy livestock and integral machinery and equipment that the dairy uses to produce milk and milk products solely for export from the state, either directly by the dairy or after the milk or milk product has been further processed by an industrial milk processor. After export, any unprocessed milk must be further processed into other dairy products.

(b) "industrial milk processor" means a facility and integral machinery used solely to process milk into milk products for export from the state.

(4) The following portions of the appraised value of a capital investment in a recognized nonfossil form of energy generation or low emission wood or biomass combustion devices, as defined in 15-32-102, are exempt from taxation for a period of 10 years following installation of the property:

(a) $20,000 in the case of a single-family residential dwelling;

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(b) $100,000 in the case of a multifamily residential dwelling or a nonresidential structure.

15-6-201. *(Effective January 1, 2003)* **Exempt categories.** (1) The following categories of property are exempt from taxation:

(a) except as provided in 15-24-1203, the property of:

(i) the United States, except:

(A) if congress passes legislation that allows the state to tax property owned by the federal government or an agency created by congress; or

(B) as provided in 15-24-1103;

(ii) the state, counties, cities, towns, and school districts;

(iii) irrigation districts organized under the laws of Montana and not operating for profit;

(iv) municipal corporations;

(v) public libraries; and

(vi) rural fire districts and other entities providing fire protection under Title 7, chapter 33;

(b) buildings, with land that they occupy and furnishings in the buildings, that are owned by a church and used for actual religious worship or for residences of the clergy, together with adjacent land reasonably necessary for convenient use of the buildings;

(c) property used exclusively for agricultural and horticultural societies, for educational purposes, and for nonprofit health care facilities, as defined in 50-5-101, licensed by the department of public health and human services and organized under Title 35, chapter 2 or 3. A health care facility that is not licensed by the department of public health and human services and organized under Title 35, chapter 2 or 3, is not exempt.

(d) property that is:

(i) owned and held by an association or corporation organized under Title 35, chapter 2, 3, 20, or 21;

(ii) devoted exclusively to use in connection with a cemetery or cemeteries for which a permanent care and improvement fund has been established as provided for in Title 35, chapter 20, part 3; and

(iii) not maintained and operated for private or corporate profit;

(e) subject to subsection (2), property that is owned or property that is leased from a federal, state, or local governmental entity by institutions of purely public charity if the property is directly used for purely public charitable purposes;

(f) evidence of debt secured by mortgages of record upon real or personal property in the state of Montana;

(g) public museums, art galleries, zoos, and observatories that are not used or held for private or corporate profit;

(h) all household goods and furniture, including but not limited to clocks, musical instruments, sewing machines, and wearing apparel of members of the family, used by the owner for personal and domestic purposes or for furnishing or equipping the family residence;

(i) truck canopy covers or toppers and campers;

(j) a bicycle, as defined in 61-1-123, used by the owner for personal transportation purposes;

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(k) motor homes;

(l) all watercraft;

(m) motor vehicles, land, fixtures, buildings, and improvements owned by a cooperative association or nonprofit corporation organized to furnish potable water to its members or customers for uses other than the irrigation of agricultural land;

(n) the right of entry that is a property right reserved in land or received by mesne conveyance (exclusive of leasehold interests), devise, or succession to enter land with a surface title that is held by another to explore, prospect, or dig for oil, gas, coal, or minerals;

(o) (i) property that is owned and used by a corporation or association organized and operated exclusively for the care of persons with developmental disabilities, persons with mental illness, or persons with physical or mental impairments that constitute or result in substantial impediments to employment and that is not operated for gain or profit; and

(ii) property that is owned and used by an organization owning and operating facilities that are for the care of the retired, aged, or chronically ill and that are not operated for gain or profit;

(p) all farm buildings with a market value of less than $500 and all agricultural implements and machinery with a market value of less than $100;

(q) property owned by a nonprofit corporation that is organized to provide facilities primarily for training and practice for or competition in international sports and athletic events and that is not held or used for private or corporate gain or profit. For purposes of this subsection (1)(q), "nonprofit corporation" means an organization that is exempt from taxation under section 501(c) of the Internal Revenue Code and incorporated and admitted under the Montana Nonprofit Corporation Act.

(r) (i) the first $15,000 or less of market value of tools owned by the taxpayer that are customarily hand-held and that are used to:

(A) construct, repair, and maintain improvements to real property; or

(B) repair and maintain machinery, equipment, appliances, or other personal property;

(ii) space vehicles and all machinery, fixtures, equipment, and tools used in the design, manufacture, launch, repair, and maintenance of space vehicles that are owned by businesses engaged in manufacturing and launching space vehicles in the state or that are owned by a contractor or subcontractor of that business and that are directly used for space vehicle design, manufacture, launch, repair, and maintenance;

(s) harness, saddlery, and other tack equipment;

(t) a title plant owned by a title insurer or a title insurance producer, as those terms are defined in 33-25-105;

(u) timber as defined in 15-44-102;

(v) all trailers as defined in 61-1-111, semitrailers as defined in 61-1-112, pole trailers as defined in 61-1-114, and travel trailers as defined in 61-1-131;

(w) all vehicles registered under 61-3-456;

(x) (i) buses, trucks having a manufacturer's rated capacity of more than 1 ton, and truck tractors, including buses, trucks, and truck tractors apportioned under Title 61, chapter 3, part 7; and

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(ii) personal property that is attached to a bus, truck, or truck tractor that is exempt under subsection (1)(x)(i);

(y) motorcycles and quadricycles;

(z) the following percentage of the market value of residential property as described in 15-6-134(1)(e) and (1)(f):

(i) 16% for tax year 1999;

(ii) 23% for tax year 2000;

(iii) 27.5% for tax year 2001; and

(iv) 31% for tax year 2002 and succeeding tax years;

(aa) the following percentage of the market value of commercial property as described in 15-6-134(1)(g);

(i) 6.5% for tax year 1999;

(ii) 9% for tax year 2000;

(iii) 11% for tax year 2001; and

(iv) 13% for tax year 2002 and succeeding tax years;

(bb) personal property used by an industrial dairy or an industrial milk processor and dairy livestock used by an industrial dairy; and

(cc) items of personal property intended for rent or lease in the ordinary course of business if each item of personal property satisfies all of the following:

(i) the acquired cost of the personal property is less than $15,000;

(ii) the personal property is owned by a business whose primary business income is from rental or lease of personal property to individuals and no one customer of the business accounts for more than 10% of the total rentals or leases during a calendar year; and

(iii) the lease of the personal property is generally on an hourly, daily, or weekly basis.

(2) (a) For the purposes of subsection (1)(e):

(i) the term "institutions of purely public charity" includes any organization that meets the following requirements:

(A) The organization offers its charitable goods or services to persons without regard to race, religion, creed, or gender and qualifies as a tax-exempt organization under the provisions of section 501(c)(3), Internal Revenue Code, as amended.

(B) The organization accomplishes its activities through absolute gratuity or grants. However, the organization may solicit or raise funds by the sale of merchandise, memberships, or tickets to public performances or entertainment or by other similar types of fundraising activities.

(ii) agricultural property owned by a purely public charity is not exempt if the agricultural property is used by the charity to produce unrelated business taxable income as that term is defined in section 512 of the Internal Revenue Code, 26 U.S.C. 512. A public charity claiming an exemption for agricultural property shall file annually with the department a copy of its federal tax return reporting any unrelated business taxable income received by the charity during the tax year, together with a statement indicating whether the exempt property was used to generate any unrelated business taxable income.

(b) For the purposes of subsection (1)(g), the term "public museums, art galleries, zoos, and observatories" means governmental entities or nonprofit organizations whose principal purpose is to hold property for public display or for use as a museum, art gallery, zoo, or observatory. The exempt property

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includes all real and personal property reasonably necessary for use in connection with the public display or observatory use. Unless the property is leased for a profit to a governmental entity or nonprofit organization by an individual or for-profit organization, real and personal property owned by other persons is exempt if it is:

(i) actually used by the governmental entity or nonprofit organization as a part of its public display;

(ii) held for future display; or

(iii) used to house or store a public display.

(3) For the purposes of subsection (1)(bb):

(a) "industrial dairy" means a large-scale dairy operation with 1,000 or more milking cows and includes the dairy livestock and integral machinery and equipment that the dairy uses to produce milk and milk products solely for export from the state, either directly by the dairy or after the milk or milk product has been further processed by an industrial milk processor. After export, any unprocessed milk must be further processed into other dairy products.

(b) "industrial milk processor" means a facility and integral machinery used solely to process milk into milk products for export from the state.

(4) The following portions of the appraised value of a capital investment in a recognized nonfossil form of energy generation or low emission wood or biomass combustion devices, as defined in 15-32-102, are exempt from taxation for a period of 10 years following installation of the property:

(a) $20,000 in the case of a single-family residential dwelling;

(b) $100,000 in the case of a multifamily residential dwelling or a nonresidential structure.

15-6-201. *(Effective on occurrence of contingency)* **Exempt categories.** (1) The following categories of property are exempt from taxation:

(a) except as provided in 15-24-1203, the property of:

(i) the United States, except:

(A) if congress passes legislation that allows the state to tax property owned by the federal government or an agency created by congress; or

(B) as provided in 15-24-1103;

(ii) the state, counties, cities, towns, and school districts;

(iii) irrigation districts organized under the laws of Montana and not operating for profit;

(iv) municipal corporations;

(v) public libraries; and

(vi) rural fire districts and other entities providing fire protection under Title 7, chapter 33;

(b) buildings, with land that they occupy and furnishings in the buildings, that are owned by a church and used for actual religious worship or for residences of the clergy, together with adjacent land reasonably necessary for convenient use of the buildings;

(c) property used exclusively for agricultural and horticultural societies, for educational purposes, and for nonprofit health care facilities, as defined in 50-5-101, licensed by the department of public health and human services and organized under Title 35, chapter 2 or 3. A health care facility that is not

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licensed by the department of public health and human services and organized under Title 35, chapter 2 or 3, is not exempt.

(d) property that is:

(i) owned and held by an association or corporation organized under Title 35, chapter 2, 3, 20, or 21;

(ii) devoted exclusively to use in connection with a cemetery or cemeteries for which a permanent care and improvement fund has been established as provided for in Title 35, chapter 20, part 3; and

(iii) not maintained and operated for private or corporate profit;

(e) subject to subsection (2), property that is owned or property that is leased from a federal, state, or local governmental entity by institutions of purely public charity if the property is directly used for purely public charitable purposes;

(f) evidence of debt secured by mortgages of record upon real or personal property in the state of Montana;

(g) public museums, art galleries, zoos, and observatories that are not used or held for private or corporate profit;

(h) all household goods and furniture, including but not limited to clocks, musical instruments, sewing machines, and wearing apparel of members of the family, used by the owner for personal and domestic purposes or for furnishing or equipping the family residence;

(i) truck canopy covers or toppers and campers;

(j) a bicycle, as defined in 61-1-123, used by the owner for personal transportation purposes;

(k) motor homes;

(l) all watercraft;

(m) motor vehicles, land, fixtures, buildings, and improvements owned by a cooperative association or nonprofit corporation organized to furnish potable water to its members or customers for uses other than the irrigation of agricultural land;

(n) the right of entry that is a property right reserved in land or received by mesne conveyance (exclusive of leasehold interests), devise, or succession to enter land with a surface title that is held by another to explore, prospect, or dig for oil, gas, coal, or minerals;

(o) (i) property that is owned and used by a corporation or association organized and operated exclusively for the care of persons with developmental disabilities, persons with mental illness, or persons with physical or mental impairments that constitute or result in substantial impediments to employment and that is not operated for gain or profit; and

(ii) property that is owned and used by an organization owning and operating facilities that are for the care of the retired, aged, or chronically ill and that are not operated for gain or profit;

(p) all farm buildings with a market value of less than $500 and all agricultural implements and machinery with a market value of less than $100;

(q) property owned by a nonprofit corporation that is organized to provide facilities primarily for training and practice for or competition in international sports and athletic events and that is not held or used for private or corporate gain or profit. For purposes of this subsection (1)(q), "nonprofit corporation" means an organization that is exempt from taxation under section 501(c) of the

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Internal Revenue Code and incorporated and admitted under the Montana Nonprofit Corporation Act.

(r) (i) the first $15,000 or less of market value of tools owned by the taxpayer that are customarily hand-held and that are used to:

(A) construct, repair, and maintain improvements to real property; or

(B) repair and maintain machinery, equipment, appliances, or other personal property;

(ii) space vehicles and all machinery, fixtures, equipment, and tools used in the design, manufacture, launch, repair, and maintenance of space vehicles that are owned by businesses engaged in manufacturing and launching space vehicles in the state or that are owned by a contractor or subcontractor of that business and that are directly used for space vehicle design, manufacture, launch, repair, and maintenance;

(s) harness, saddlery, and other tack equipment;

(t) a title plant owned by a title insurer or a title insurance producer, as those terms are defined in 33-25-105;

(u) timber as defined in 15-44-102;

(v) all trailers as defined in 61-1-111, semitrailers as defined in 61-1-112, pole trailers as defined in 61-1-114, and travel trailers as defined in 61-1-131;

(w) all vehicles registered under 61-3-456;

(x) (i) buses, trucks having a manufacturer's rated capacity of more than 1 ton, and truck tractors, including buses, trucks, and truck tractors apportioned under Title 61, chapter 3, part 7; and

(ii) personal property that is attached to a bus, truck, or truck tractor that is exempt under subsection (1)(x)(i);

(y) motorcycles and quadricycles;

(z) the following percentage of the market value of residential property as described in 15-6-134(1)(e) and (1)(f):

(i) 16% for tax year 1999;

(ii) 23% for tax year 2000;

(iii) 27.5% for tax year 2001; and

(iv) 31% for tax year 2002 and succeeding tax years;

(aa) the following percentage of the market value of commercial property as described in 15-6-134(1)(g);

(i) 6.5% for tax year 1999;

(ii) 9% for tax year 2000;

(iii) 11% for tax year 2001; and

(iv) 13% for tax year 2002 and succeeding tax years;

(bb) personal property used by an industrial dairy or an industrial milk processor and dairy livestock used by an industrial dairy;

(cc) items of personal property intended for rent or lease in the ordinary course of business if each item of personal property satisfies all of the following:

(i) the acquired cost of the personal property is less than $15,000;

(ii) the personal property is owned by a business whose primary business income is from rental or lease of personal property to individuals and no one customer of the business accounts for more than 10% of the total rentals or leases during a calendar year; and

(iii) the lease of the personal property is generally on an hourly, daily, or weekly basis;

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(dd) all agricultural implements and equipment;

(ee) all mining machinery, fixtures, equipment, tools that are not exempt under 15-6-201(1)(r), and supplies except those included in class five;

(ff) all manufacturing machinery, fixtures, equipment, tools that are not exempt under 15-6-201(1)(r), and supplies except those included in class five;

(gg) all goods and equipment that are intended for rent or lease, except goods and equipment that are specifically included and taxed in another class;

(hh) special mobile equipment as defined in 61-1-104;

(ii) furniture, fixtures, and equipment, except that specifically included in another class, used in commercial establishments as defined in this section;

(jj) x-ray and medical and dental equipment;

(kk) citizens' band radios and mobile telephones;

(ll) radio and television broadcasting and transmitting equipment;

(mm) cable television systems;

(nn) coal and ore haulers; and

(oo) theater projectors and sound equipment.

(2) (a) For the purposes of subsection (1)(e):

(i) the term "institutions of purely public charity" includes any organization that meets the following requirements:

(A) The organization offers its charitable goods or services to persons without regard to race, religion, creed, or gender and qualifies as a tax-exempt organization under the provisions of section 501(c)(3), Internal Revenue Code, as amended.

(B) The organization accomplishes its activities through absolute gratuity or grants. However, the organization may solicit or raise funds by the sale of merchandise, memberships, or tickets to public performances or entertainment or by other similar types of fundraising activities.

(ii) agricultural property owned by a purely public charity is not exempt if the agricultural property is used by the charity to produce unrelated business taxable income as that term is defined in section 512 of the Internal Revenue Code, 26 U.S.C. 512. A public charity claiming an exemption for agricultural property shall file annually with the department a copy of its federal tax return reporting any unrelated business taxable income received by the charity during the tax year, together with a statement indicating whether the exempt property was used to generate any unrelated business taxable income.

(b) For the purposes of subsection (1)(g), the term "public museums, art galleries, zoos, and observatories" means governmental entities or nonprofit organizations whose principal purpose is to hold property for public display or for use as a museum, art gallery, zoo, or observatory. The exempt property includes all real and personal property reasonably necessary for use in connection with the public display or observatory use. Unless the property is leased for a profit to a governmental entity or nonprofit organization by an individual or for-profit organization, real and personal property owned by other persons is exempt if it is:

(i) actually used by the governmental entity or nonprofit organization as a part of its public display;

(ii) held for future display; or

(iii) used to house or store a public display.

(3) For the purposes of subsection (1)(bb):

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(a) "industrial dairy" means a large-scale dairy operation with 1,000 or more milking cows and includes the dairy livestock and integral machinery and equipment that the dairy uses to produce milk and milk products solely for export from the state, either directly by the dairy or after the milk or milk product has been further processed by an industrial milk processor. After export, any unprocessed milk must be further processed into other dairy products.

(b) "industrial milk processor" means a facility and integral machinery used solely to process milk into milk products for export from the state.

(4) The following portions of the appraised value of a capital investment in a recognized nonfossil form of energy generation or low emission wood or biomass combustion devices, as defined in 15-32-102, are exempt from taxation for a period of 10 years following installation of the property:

(a) $20,000 in the case of a single-family residential dwelling;

(b) $100,000 in the case of a multifamily residential dwelling or a nonresidential structure.

History: En. Sec. 2, p. 73, L. 1891; re-en. Sec. 3671, Pol. C. 1895; re-en. Sec. 2499, Rev. C. 1907; amd. Sec. 1, Ch. 97, L. 1911; amd. Sec. 1, Ch. 24, L. 1919; re-en. Sec. 1998, R.C.M. 1921; Cal. Pol. C. Secs. 3607 and 3611; amd. Sec. 1, Ch. 98, L. 1931; re-en. Sec. 1998, R.C.M. 1935; amd. Sec. 1, Ch. 85, L. 1965; amd. Sec. 1, Ch. 266, L. 1973; amd. Sec. 1, Ch. 361, L. 1973; amd. Sec. 1, Ch. 376, L. 1974; Clarified Sec. 1, Ch. 8, L. 1975; amd. Sec. 1, Ch. 325, L. 1975; amd. Sec. 1, Ch. 341, L. 1975; amd. Sec. 1, Ch. 442, L. 1975; amd. Sec. 3, Ch. 507, L. 1975; amd. Sec. 7, Ch. 548, L. 1975; amd. Sec. 2, Ch. 52, L. 1977; amd. Sec. 1, Ch. 87, L. 1977; amd. Sec. 2, Ch. 112, L. 1977; amd. Sec. 2, Ch. 126, L. 1977; amd. Sec. 2, Ch. 393, L. 1977; amd. Sec. 1, Ch. 413, L. 1977; amd. Sec. 1, Ch. 492, L. 1977; amd. Sec. 2, Ch. 576, L. 1977; R.C.M. 1947, 84-202(1), (3), (8); amd. Sec. 1, Ch. 508, L. 1979; amd. Sec. 1, Ch. 616, L. 1979; amd. Sec. 1, Ch. 639, L. 1979; amd. Sec. 21, Ch. 712, L. 1979; amd. Sec. 1, Ch. 478, L. 1981; amd. Sec. 11, Ch. 614, L. 1981; amd. Sec. 1, Ch. 170, L. 1983; amd. Sec. 2, Ch. 323, L. 1983; amd. Sec. 1, Ch. 523, L. 1983; amd. Sec. 2, Ch. 463, L. 1985; amd. Sec. 5, Ch. 516, L. 1985; amd. Sec. 1, Ch. 455, L. 1987; amd. Sec. 1, Ch. 545, L. 1987; amd. Sec. 1, Ch. 556, L. 1987; amd. Sec. 5, Ch. 611, L. 1987; amd. Sec. 2, Ch. 649, L. 1987; amd. Sec. 2, Ch. 59, L. 1989; amd. Sec. 3, Ch. 576, L. 1989; amd. Sec. 1, Ch. 617, L. 1989; amd. Sec. 3, Ch. 713, L. 1989; amd. Sec. 1, Ch. 71, L. 1991; amd. Sec. 1, Ch. 123, L. 1991; amd. Sec. 1, Ch. 271, L. 1991; amd. Sec. 1, Ch. 467, L. 1991; amd. Sec. 9, Ch. 783, L. 1991; amd. Sec. 1, Ch. 54, L. 1993; amd. Sec. 1, Ch. 80, L. 1993; amd. Sec. 2, Ch. 575, L. 1993; amd. Sec. 1, Ch. 88, L. 1995; amd. Sec. 21, Ch. 255, L. 1995; amd. Sec. 2, Ch. 257, L. 1995; amd. Sec. 40, Ch. 418, L. 1995; amd. Sec. 43, Ch. 546, L. 1995; amd. Sec. 1, Ch. 585, L. 1995; amd. Sec. 3, Ch. 121, L. 1997; amd. Sec. 13, Ch. 472, L. 1997; amd. Sec. 3, Ch. 496, L. 1997; amd. Sec. 13, Ch. 285, L. 1999; amd. Sec. 1, Ch. 438, L. 1999; amd. Sec. 1, Ch. 539, L. 1999; amd. Sec. 3, Ch. 555, L. 1999; amd. Sec. 84, Ch. 584, L. 1999; amd. Sec. 3, Ch. 11, Sp. L. May 2000.

Compiler's Comments

2000 Amendment: Chapter 11 deleted former (1)(bb) that read: "(bb) the percentage of valuation of land calculated pursuant to 15-7-111(4)"; and made minor changes in style. Amendment effective May 25, 2000.

Applicability: Section 18(3), Ch. 11, Sp. L. May 2000, provided: "[Sections 1 through 5] [15-6-136, 15-6-138, 15-6-201, 15-7-111, and 15-8-111] apply to tax years beginning after December 31, 2001."

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CHAPTER 7
APPRAISAL

15-7-111. Periodic revaluation of certain taxable property. (1) The department shall administer and supervise a program for the revaluation of all taxable property within classes three, four, and ten. All other property must be revalued annually. The revaluation of class three, four, and ten property is complete on December 31, 1996. The amount of the change in valuation from the 1996 base year for each property in classes three, four, and ten must be phased in each year at the rate of 25% of the change in valuation from December 31, 1998, to the appropriate percentage of taxable market value for each class.

(2) The department shall value and phase in the value of newly constructed, remodeled, or reclassified property in a manner consistent with the valuation within the same class and the values established pursuant to subsection (1). The department shall adopt rules for determining the assessed valuation and phased-in value of new, remodeled, or reclassified property within the same class.

(3) Beginning January 1, 2001, the department of revenue shall administer and supervise a program for the revaluation of all taxable property within classes three, four, and ten. A comprehensive written reappraisal plan must be promulgated by the department. The reappraisal plan adopted must provide that all class three, four, and ten property in each county is revalued by January 1, 2003, and each succeeding 6 years. The resulting valuation changes must be phased in for each year until the next reappraisal. If a percentage of change for each year is not established, then the percentage of phasein for each year is 16.66%. The department shall furnish a copy of the plan and all amendments to the plan to the board of county commissioners of each county.

History: En. 84-429.14 by Sec. 1, Ch. 294, L. 1975; R.C.M. 1947, 84-429.14; amd. Sec. 1, Ch. 596, L. 1987; amd. Sec. 4, Ch. 613, L. 1987; amd. Sec. 2, Ch. 636, L. 1989; amd. Secs. 2, 8, Ch. 680, L. 1991; amd. Sec. 4, Ch. 13, Sp. L. July 1992; amd. Sec. 4, Ch. 463, L. 1997; amd. Sec. 87, Ch. 584, L. 1999; amd. Sec. 4, Ch. 11, Sp. L. May 2000.

Compiler's Comments

2000 Amendment: Chapter 11 deleted former (4) and (5) that read: "(4) (a) If the value of an individual property is equal to or less than 75% of the appraised value of the improvements situated on the land, then the assessed value of the land is the land's appraised value as phased in under subsection (1) and the other provisions of subsection (1) do not apply.

(b) Subject to subsection (4)(c), if the value of an individual property is greater than 75% of the appraised value of the improvements situated on the land, then the value of the land must be determined as follows:

(i) the department shall calculate the average value of improvements in the state;

(ii) if the value of the improvements on an individual property is greater than the state average value of improvements, then the land is valued at 75% of the appraised value of the improvements situated on the land and the remainder of the land value is exempt from taxation; and

(iii) if the value of the improvements on an individual property is less than or equal to the state average value of improvements, then the land is valued at 75% of the appraised value of the improvements situated on the land and the remainder of the land value is exempt from taxation.

(c) The value of land upon which improvements are situated may not exceed the phased-in value of the land.

(5) For purposes of subsection (4), the following definitions apply:

(a) "average value of improvements" means the statewide arithmetic mean of the

appraised value of all improvements that have a market value in excess of $7,500;

(b) "improvements" means residential dwellings and includes housetrailers, mobile homes, and manufactured homes;

(c) "land" includes contiguous parcels or lots under single ownership up to 5 acres"; and made minor changes in style. Amendment effective May 25, 2000.

Applicability: Section 18(3), Ch. 11, Sp. L. May 2000, provided: "[Sections 1 through 5] [15-6-136, 15-6-138, 15-6-201, 15-7-111, and 15-8-111] apply to tax years beginning after December 31, 2001."

CHAPTER 8

ASSESSMENT PROCEDURE

15-8-111. Assessment — market value standard — exceptions. (1) All taxable property must be assessed at 100% of its market value except as otherwise provided.

(2) (a) Market value is the value at which property would change hands between a willing buyer and a willing seller, neither being under any compulsion to buy or to sell and both having reasonable knowledge of relevant facts.

(b) If the department uses construction cost as one approximation of market value, the department shall fully consider reduction in value caused by depreciation, whether through physical depreciation, functional obsolescence, or economic obsolescence.

(c) If the department uses the capitalization of net income method as one approximation of market value and sufficient, relevant information on comparable sales and construction cost exists, the department shall rely upon the two methods that provide a similar market value as the better indicators of market value.

(d) Except as provided in subsection (3), the market value of special mobile equipment and agricultural tools, implements, and machinery is the average wholesale value shown in national appraisal guides and manuals or the value before reconditioning and profit margin. The department shall prepare valuation schedules showing the average wholesale value when a national appraisal guide does not exist.

(3) The department may not adopt a lower or different standard of value from market value in making the official assessment and appraisal of the value of property, except:

(a) the wholesale value for agricultural implements and machinery is the average wholesale value category as shown in Guides 2000, Northwest Region Official Guide, published by the North American equipment dealers association, St. Louis, Missouri. If the guide or the average wholesale value category is unavailable, the department shall use a comparable publication or wholesale value category.

(b) for agricultural implements and machinery not listed in an official guide, the department shall prepare a supplemental manual in which the values reflect the same depreciation as those found in the official guide; and

(c) as otherwise authorized in Titles 15 and 61.

(4) For purposes of taxation, assessed value is the same as appraised value.

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(5) The taxable value for all property is the percentage of market or assessed value established for each class of property.

(6) The assessed value of properties in 15-6-131 through 15-6-134, 15-6-143, and 15-6-145 is as follows:

(a) Properties in 15-6-131, under class one, are assessed at 100% of the annual net proceeds after deducting the expenses specified and allowed by 15-23-503 or, if applicable, as provided in 15-23-515, 15-23-516, 15-23-517, or 15-23-518.

(b) Properties in 15-6-132, under class two, are assessed at 100% of the annual gross proceeds.

(c) Properties in 15-6-133, under class three, are assessed at 100% of the productive capacity of the lands when valued for agricultural purposes. All lands that meet the qualifications of 15-7-202 are valued as agricultural lands for tax purposes.

(d) Properties in 15-6-134, under class four, are assessed at the applicable percentage of market value minus any portion of market value that is exempt from taxation under 15-6-201(1)(z) and (1)(aa).

(e) Properties in 15-6-143, under class ten, are assessed at 100% of the forest productivity value of the land when valued as forest land.

(f) Railroad transportation properties in 15-6-145 are assessed based on the valuation formula described in 15-23-205.

(7) Land and the improvements on the land are separately assessed when any of the following conditions occur:

(a) ownership of the improvements is different from ownership of the land;

(b) the taxpayer makes a written request; or

(c) the land is outside an incorporated city or town.

History: **En. Sec. 5, p. 76, L. 1891; re-en. Sec. 3690, Pol. C. 1895; re-en. Sec. 2502, Rev. C. 1907; re-en. Sec. 2001, R.C.M. 1921; Cal. Pol. C. Sec. 3627; re-en. Sec. 2001, R.C.M. 1935; amd. Sec. 2, Ch. 512, L. 1973; amd. Sec. 1, Ch. 56, L. 1974; amd. Sec. 1, Ch. 209, L. 1975; amd. Sec. 1, Ch. 436, L. 1975; amd. Sec. 5, Ch. 498, L. 1977; amd. Sec. 21, Ch. 566, L. 1977; R.C.M. 1947, 84-401; amd. Sec. 11, Ch. 634, L. 1979; amd. Secs. 10, 13, Ch. 686, L. 1979; amd. Sec. 17, Ch. 693, L. 1979; amd. Sec. 66, Ch. 575, L. 1981; amd. Sec. 2, Ch. 578, L. 1981; amd. Sec. 3, Ch. 323, L. 1983; amd. Sec. 1, Ch. 463, L. 1985; amd. Sec. 6, Ch. 516, L. 1985; amd. Sec. 6, Ch. 681, L. 1985; amd. Sec. 7, Ch. 743, L. 1985; amd. Sec. 4, Ch. 7, Sp. L. March 1986; amd. Sec. 3, Ch. 34, Sp. L. June 1986; amd. Sec. 5, Ch. 35, Sp. L. June 1986; amd. Sec. 37, Ch. 370, L. 1987; amd. Sec. 6, Ch. 453, L. 1987; amd. Sec. 1, Ch. 593, L. 1987; amd. Sec. 3, Ch. 618, L. 1987; amd. Sec. 4, Ch. 531, L. 1989; amd. Sec. 4, Ch. 695, L. 1991; amd. Sec. 16, Ch. 773, L. 1991; amd. Sec. 10, Ch. 783, L. 1991; amd. Sec. 4, Ch. 506, L. 1993; amd. Sec. 50, Ch. 27, Sp. L. November 1993; amd. Sec. 4, Ch. 397, L. 1995; amd. Sec. 1, Ch. 299, L. 1997; amd. Sec. 4, Ch. 496, L. 1997; amd. Sec. 1, Ch. 531, L. 1999; amd. Sec. 89, Ch. 584, L. 1999; amd. Sec. 1, Ch. 589, L. 1999; amd. Sec. 5, Ch. 11, Sp. L. May 2000.**

Compiler's Comments

2000 Amendment: Chapter 11 in (6)(d) deleted reference to 15-6-201(1)(bb). Amendment effective May 25, 2000.

Applicability: Section 18(3), Ch. 11, Sp. L. May 2000, provided: "[Sections 1 through 5] [15-6-136, 15-6-138, 15-6-201, 15-7-111, and 15-8-111] apply to tax years beginning after December 31, 2001."

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CHAPTER 10
PROPERTY TAX LEVIES

15-10-420. Procedure for calculating levy. (1) A governmental entity that is authorized to impose mills may impose a mill levy sufficient to generate the amount of property taxes actually assessed in the prior year, even if that levy is greater than the levy established by law. The maximum number of mills that a governmental entity may impose is established by calculating the number of mills required to generate the amount of property tax actually assessed in the governmental unit in the prior year based on the current year taxable value, less the value of newly taxable property.

(2) A governmental entity may apply the levy calculated pursuant to subsection (1) plus any additional levies authorized by the voters to all property in the governmental unit, including newly taxable property.

(3) For purposes of this section, newly taxable property includes:

(a) annexation of real property and improvements into a taxing unit;

(b) construction, expansion, or remodeling of improvements;

(c) transfer of property into a taxing unit;

(d) subdivision of real property;

(e) reclassification of property;

(f) transfer of property from tax-exempt to taxable status; and

(g) revaluations caused by expansion, addition, replacement, or remodeling of improvements.

(4) Subsection (1) does not apply to school district general fund levies and the school district levy for tuition obligations established in 20-5-324(5).

(5) For purposes of subsection (1), taxes imposed do not include net or gross proceeds taxes received under 15-6-131 and 15-6-132.

(6) In determining the maximum number of mills in subsection (1), the governmental entity shall take into account any change from the prior year in the amount of statutory reimbursements for changes in the property tax laws. The amount of motor vehicle disposition under 61-3-509(2) is an increased statutory reimbursement. It may increase the number of mills to account for a decrease in reimbursements and shall decrease the number of mills to fully account for any increase in reimbursements.

(7) The department shall calculate the number of mills to be imposed for purposes of 15-10-107, 20-9-331, 20-9-333, 20-9-360, 20-25-423, 20-25-439, and 53-2-813. However, the number of mills calculated by the department may not exceed the mill levy limits established in those sections.

(8) The department may adopt rules to implement this section. The rules may include a method for calculating the percentage of change in valuation for purposes of determining the elimination of property, new improvements, or newly taxable property in a governmental unit.

History: En. Sec. 1, Ch. 584, L. 1999; amd. Sec. 6, Ch. 11, Sp. L. May 2000.

Compiler's Comments

2000 Amendment: Chapter 11 inserted second sentence in (6) providing that motor vehicle disposition under 61-3-509(2) is an increased statutory reimbursement. Amendment effective May 25, 2000, and terminates January 1, 2001, if Ch. 515, L. 1999, is approved by the electorate on November 7, 2000.

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Effective Date — Applicability: Section 18(1), Ch. 11, Sp. L. May 2000, provided: "Except as provided in subsection (2), [this act] is effective on passage and approval [approved May 25, 2000], and [sections 6 through 13] [15-10-420, 20-9-141, 20-9-306, 20-9-367, 20-9-368, and 61-3-509 and amendments to secs. 167 and 169, Ch. 584, L. 1999] apply to fiscal years beginning on or after July 1, 2000, and to school budgets for school fiscal years beginning on or after July 1, 2000."

CHAPTER 31

CORPORATION LICENSE OR INCOME TAX

15-31-803. *(Temporary)* **State revenue — assessment — collection — distribution.** (1) A foreign capital depository shall pay to the department on June 15 and December 15 of each year a fee that is equal to 0.375% of the average value of assets on deposit or in a safe deposit box. The total annual rate of assessment is 0.75%. Each semiannual assessment must be based on the average balance, at the close of the last business day of the month in each of the 6-month periods prior to June 15 and December 15, of the total value of the assets on deposit or in safe deposit boxes.

(2) The basis of the value ascribed to each asset is:

(a) the U.S. dollar exchange value of the currency on deposit on the date of assessment;

(b) the spot market price of the platinum, palladium, gold, or silver held in precious metals accounts, as defined in 32-8-402, as published in The Wall Street Journal on the date of assessment; or

(c) the market value of other tangible personal property held in safe deposit boxes or other accounts at the time of the assessment, as determined by the depository using a method approved by the department. The depository shall submit to the department within 60 days of the appraisal a report that documents the method and calculations of the appraisal.

(3) The semiannual assessment fee must be deposited into the general fund. *(Terminates September 30, 2012—sec. 90, Ch. 382, L. 1997.)*

History: En. Sec. 58, Ch. 382, L. 1997; amd. Sec. 1, Ch. 3, Sp. L. May 2000.

Compiler's Comments

2000 Amendment: Chapter 3 near end of first sentence of (1) substituted "0.375% of the average value" for "0.75% of the total value", at end of second sentence substituted "0.75%" for "1.5%", and inserted third sentence concerning computation of assessment based on average balance. Amendment effective May 11, 2000.

CHAPTER 35

COAL SEVERANCE TAX

15-35-108. *(Temporary)* **Disposal of severance taxes.** Severance taxes collected under this chapter must, in accordance with the provisions of 15-1-501, be allocated as follows:

(1) Fifty percent of total coal severance tax collections is allocated to the trust fund created by Article IX, section 5, of the Montana constitution. The trust fund money must be deposited in the fund established under 17-6-203(6)

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and invested by the board of investments as provided by law.

(2) Twelve percent of coal severance tax collections is allocated to the long-range building program account established in 17-7-205.

(3) The amount of 8.36% must be credited to an account in the state special revenue fund to be allocated by the legislature for local impacts, county land planning, provision of basic library services for the residents of all counties through library federations and for payment of the costs of participating in regional and national networking, conservation districts, and the Montana Growth Through Agriculture Act. Expenditures of the allocation may be made only from this account. Money may not be transferred from this account to another account other than the general fund. Any unreserved fund balance at the end of each fiscal year must be deposited in the general fund.

(4) The amount of 1.27% must be allocated to a nonexpendable trust fund for the purpose of parks acquisition or management. Income from this trust fund must be appropriated for the acquisition, development, operation, and maintenance of any sites and areas described in 23-1-102.

(5) The amount of 0.95% must be allocated to the debt service fund type to the credit of the renewable resource loan debt service fund.

(6) The amount of 0.63% must be allocated to a trust fund for the purpose of protection of works of art in the capitol and for other cultural and aesthetic projects. Income from this trust fund must be appropriated for protection of works of art in the state capitol and for other cultural and aesthetic projects.

(7) (a) Subject to subsection (7)(b), all other revenue from severance taxes collected under the provisions of this chapter must be credited to the general fund of the state.

(b) The interest income from $140 million of the coal severance tax permanent fund that is deposited in the general fund is statutorily appropriated, as provided in 17-7-502, for the biennium ending June 30, 2001, as follows:

(i) $65,000 to the cooperative development center;

(ii) $1.25 million for the growth through agriculture program provided for in Title 90, chapter 9;

(iii) to the department of commerce:

(A) $350,000 for business recruitment;

(B) $125,000 for a small business development center;

(C) $50,000 for a small business innovative research program;

(D) $425,000 for certified communities;

(E) $200,000 for the Montana manufacturing extension center at Montana state university-Bozeman; and

(F) $300,000 for export trade enhancement; and

(iv) $600,000 to the department of administration for the purpose of reimbursing tax increment financing industrial districts as provided in 7-15-4299. Reimbursement must be made to qualified districts on a proportional basis to the loss of taxable value as a result of Chapter 285, Laws of 1999, and as documented by the department of revenue. This documentation must be provided to the budget director and to the legislative fiscal analyst. The reimbursement may not be used to pay debt service on tax increment bonds to the extent that the bonds are secured by a guaranty, a letter of credit, or a similar arrangement provided by or on behalf of an owner of property within

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the district. *(Terminates June 30, 2001—sec. 10(1), Ch. 10, Sp. L. May 2000.)*

15-35-108. *(Effective July 1, 2001)* **Disposal of severance taxes.** Severance taxes collected under this chapter must, in accordance with the provisions of 15-1-501, be allocated as follows:

(1) Fifty percent of total coal severance tax collections is allocated to the trust fund created by Article IX, section 5, of the Montana constitution. The trust fund money must be deposited in the fund established under 17-6-203(6) and invested by the board of investments as provided by law.

(2) Twelve percent of coal severance tax collections is allocated to the long-range building program account established in 17-7-205.

(3) The amount of 8.36% must be credited to an account in the state special revenue fund to be allocated by the legislature for local impacts, county land planning, provision of basic library services for the residents of all counties through library federations and for payment of the costs of participating in regional and national networking, conservation districts, and the Montana Growth Through Agriculture Act. Expenditures of the allocation may be made only from this account. Money may not be transferred from this account to another account other than the general fund. Any unreserved fund balance at the end of each fiscal year must be deposited in the general fund.

(4) The amount of 1.27% must be allocated to a nonexpendable trust fund for the purpose of parks acquisition or management. Income from this trust fund must be appropriated for the acquisition, development, operation, and maintenance of any sites and areas described in 23-1-102.

(5) The amount of 0.95% must be allocated to the debt service fund type to the credit of the renewable resource loan debt service fund.

(6) The amount of 0.63% must be allocated to a trust fund for the purpose of protection of works of art in the capitol and for other cultural and aesthetic projects. Income from this trust fund must be appropriated for protection of works of art in the state capitol and for other cultural and aesthetic projects.

(7) (a) Subject to subsections (7)(b) and (7)(c), all other revenue from severance taxes collected under the provisions of this chapter must be credited to the general fund of the state.

(b) The interest income from $140 million of the coal severance tax permanent fund that is deposited in the general fund is statutorily appropriated, as provided in 17-7-502, on an annual basis as follows:

(i) $65,000 to the cooperative development center;

(ii) $1.25 million for the growth through agriculture program provided for in Title 90, chapter 9;

(iii) to the department of commerce:

(A) $350,000 for business recruitment;

(B) $125,000 for a small business development center;

(C) $50,000 for a small business innovative research program;

(D) $425,000 for certified communities;

(E) $200,000 for the Montana manufacturing extension center at Montana state university-Bozeman; and

(F) $300,000 for export trade enhancement; and

(iv) $600,000 to the department of administration for the purpose of reimbursing tax increment financing industrial districts as provided in

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7-15-4299. Reimbursement must be made to qualified districts on a proportional basis to the loss of taxable value as a result of Chapter 285, Laws of 1999, and as documented by the department of revenue. This documentation must be provided to the budget director and to the legislative fiscal analyst. The reimbursement may not be used to pay debt service on tax increment bonds to the extent that the bonds are secured by a guaranty, a letter of credit, or a similar arrangement provided by or on behalf of an owner of property within the district.

(c) Beginning July 1, 2001, there is transferred annually from the interest income referred to in subsection (7)(b) $4.85 million to the research and commercialization expendable trust fund created in 90-3-1002. *(Terminates June 30, 2005—sec. 10(2), Ch. 10, Sp. L. May 2000.)*

15-35-108. *(Effective July 1, 2005)* **Disposal of severance taxes.** Severance taxes collected under this chapter must, in accordance with the provisions of 15-1-501, be allocated as follows:

(1) Fifty percent of total coal severance tax collections is allocated to the trust fund created by Article IX, section 5, of the Montana constitution. The trust fund money must be deposited in the fund established under 17-6-203(6) and invested by the board of investments as provided by law.

(2) Twelve percent of coal severance tax collections is allocated to the long-range building program account established in 17-7-205.

(3) The amount of 8.36% must be credited to an account in the state special revenue fund to be allocated by the legislature for local impacts, county land planning, provision of basic library services for the residents of all counties through library federations and for payment of the costs of participating in regional and national networking, conservation districts, and the Montana Growth Through Agriculture Act. Expenditures of the allocation may be made only from this account. Money may not be transferred from this account to another account other than the general fund. Any unreserved fund balance at the end of each fiscal year must be deposited in the general fund.

(4) The amount of 1.27% must be allocated to a nonexpendable trust fund for the purpose of parks acquisition or management. Income from this trust fund must be appropriated for the acquisition, development, operation, and maintenance of any sites and areas described in 23-1-102.

(5) The amount of 0.95% must be allocated to the debt service fund type to the credit of the renewable resource loan debt service fund.

(6) Beginning July 1, 1997, and ending June 30, 1999, the amount of 0.87% must be allocated to an account in the state special revenue fund for the purpose of protection of works of art in the state capitol and for other cultural and aesthetic projects. Beginning July 1, 1999, the amount of 0.63% must be allocated to a trust fund for the purpose of protection of works of art in the capitol and for other cultural and aesthetic projects. Income from this trust fund must be appropriated for protection of works of art in the state capitol and for other cultural and aesthetic projects.

(7) All other revenue from severance taxes collected under the provisions of this chapter must be credited to the general fund of the state.

History: En. 84-1309.1 by Sec. 2, Ch. 432, L. 1973; amd. Sec. 1, Ch. 250, L. 1974; amd. Sec. 4, Ch. 501, L. 1975; amd. Sec. 3, Ch. 502, L. 1975; amd. and redes. 84-1319 by Sec. 8, Ch. 525, L. 1975; amd. Sec. 2, Ch. 156, L. 1977; amd. Sec. 1, Ch. 540, L. 1977; amd. Sec. 2,

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Ch. 549, L. 1977; R.C.M. 1947, 84-1319; amd. Sec. 1, Ch. 653, L. 1979; amd. Sec. 1, Ch. 694, L. 1979; amd. Sec. 1, Ch. 479, L. 1981; amd. Sec. 43, Ch. 505, L. 1981; amd. Sec. 3, Ch. 281, L. 1983; amd. Sec. 5, Ch. 541, L. 1983; amd. Sec. 1, Ch. 246, L. 1985; amd. Sec. 1, Ch. 715, L. 1985; amd. Sec. 1, Ch. 3, Sp. L. June 1986; amd. Sec. 1, Ch. 19, Sp. L. June 1986; amd. Sec. 1, Ch. 662, L. 1987; amd. Sec. 17, Ch. 83, L. 1989; amd. Sec. 1, Ch. 626, L. 1989; amd. Sec. 4, Ch. 11, Sp. L. June 1989; amd. Sec. 13, Ch. 16, L. 1991; amd. Sec. 3, Ch. 191, L. 1991; amd. Sec. 1, Ch. 615, L. 1991; amd. Sec. 1, Ch. 8, Sp. L. January 1992; amd. Sec. 1, Ch. 16, Sp. L. January 1992; amd. Sec. 5, Ch. 455, L. 1993; amd. Sec. 1, Ch. 536, L. 1993; amd. Sec. 12, Ch. 18, L. 1995; amd. Sec. 1, Ch. 442, L. 1995; amd. Sec. 1, Ch. 456, L. 1995; amd. Sec. 7, Ch. 509, L. 1995; amd. Sec. 9, Ch. 422, L. 1997; amd. Sec. 10, Ch. 469, L. 1997; amd. Sec. 8, Ch. 389, L. 1999; amd. Secs. 1, 2, Ch. 10, Sp. L. May 2000.

Compiler's Comments

2000 Amendment: (Temporary version) Chapter 10 at beginning of (6) deleted "Beginning July 1, 1997, and ending June 30, 1999, the amount of 0.87% must be allocated to an account in the state special revenue fund for the purpose of protection of works of art in the state capitol and for other cultural and aesthetic projects. Beginning July 1, 1999"; at beginning of (7)(a) inserted reference to subsection (7)(b); inserted (7)(b) statutorily appropriating fund interest to specific programs for biennium ending June 30, 2001; and made minor changes in style. Amendment effective May 22, 2000, and terminates June 30, 2001.

(Version effective July 1, 2001) Chapter 10 at beginning of (6) deleted "Beginning July 1, 1997, and ending June 30, 1999, the amount of 0.87% must be allocated to an account in the state special revenue fund for the purpose of protection of works of art in the state capitol and for other cultural and aesthetic projects. Beginning July 1, 1999"; at beginning of (7)(a) inserted reference to subsections (7)(b) and (7)(c); inserted (7)(b) statutorily appropriating fund interest to specific programs on an annual basis; inserted (7)(c) transferring funds to the research and commercialization expendable trust; and made minor changes in style. Amendment effective July 1, 2001, and terminates June 30, 2005.

CHAPTER 70

GASOLINE AND VEHICLE FUELS TAXES

15-70-204. *(Temporary)* **Gasoline license tax — rate.** (1) Every distributor shall pay to the department a license tax for the privilege of engaging in and carrying on business in this state in an amount equal to:

(a) 4 cents for each gallon of aviation fuel, other than fuel sold to the federal defense fuel supply center, which is allocated to the department as provided by 67-1-301; and

(b) 27 cents, beginning July 1, 1994, for each gallon of all other gasoline distributed by the distributor within the state and upon which the gasoline license tax has not been paid by any other distributor.

(2) Gasoline exported may not be included in the measure of the distributor's license tax unless the distributor is not licensed and is not paying the tax to the state the fuel is destined for.

(3) Alcohol that is blended or is to be blended with gasoline to be sold as gasohol is subject to a tax per gallon equal to the license tax imposed on nonaviation gasoline distributors under subsection (1). *(Terminates on occurrence of contingency—sec. 17, Ch. 642, L. 1993.)*

15-70-204. *(Effective on occurrence of contingency)* **Gasoline license tax — rate.** (1) Every distributor shall pay to the department a license tax for the privilege of engaging in and carrying on business in this state in an amount equal to:

(a) 3 cents for each gallon of aviation fuel, other than fuel sold to the federal defense fuel supply center, which is allocated to the department as provided by 67-1-301; and

(b) 27 cents for each gallon of all other gasoline distributed by the distributor within the state and upon which the gasoline license tax has not been paid by any other distributor.

(2) Gasoline exported may not be included in the measure of the distributor's license tax unless the distributor is not licensed and is not paying the tax to the state the fuel is destined for.

(3) Alcohol that is blended or is to be blended with gasoline to be sold as gasohol is subject to a tax per gallon equal to the license tax imposed on nonaviation gasoline distributors under subsection (1).

History: En. Sec. 3, Ch. 369, L. 1969; amd. Sec. 1, Ch. 202, L. 1971; amd. Sec. 2, Ch. 204, L. 1971; amd. Sec. 90, Ch. 516, L. 1973; amd. Sec. 3, Ch. 514, L. 1975; amd. Sec. 5, Ch. 390, L. 1977; R.C.M. 1947, 84-1847; amd. Sec. 2, Ch. 576, L. 1979; amd. Sec. 2, Ch. 632, L. 1979; amd. Sec. 6, Ch. 274, L. 1981; amd. Sec. 1, Ch. 624, L. 1983; amd. Sec. 12, Ch. 649, L. 1983; amd. Sec. 1, Ch. 20, Sp. L. June 1986; amd. Sec. 1, Ch. 30, L. 1987; amd. Sec. 3, Ch. 8, L. 1989; amd. Sec. 8, Ch. 512, L. 1991; amd. Sec. 3, Ch. 231, L. 1993; amd. Sec. 2, Ch. 605, L. 1993; amd. Secs. 2, 3, Ch. 642, L. 1993; amd. Sec. 1, Ch. 585, L. 1999; amd. Sec. 1, Ch. 8, Sp. L. May 2000.

Compiler's Comments

2000 Amendment: (Contingent version) Chapter 8 in (1)(a) substituted "3 cents" for "2 cents" and inserted "other than fuel sold to the federal defense fuel supply center"; and made minor changes in style. Amendment effective May 18, 2000.

15-70-205. *(Temporary)* **Distributor's statement and payment — confidentiality.** (1) Each distributor shall, not later than the 25th day of each calendar month, except as provided in 15-70-113(3), render a true signed statement to the department of all gasoline distributed and received by the distributor in this state during the preceding calendar month and containing any other information that the department may reasonably require in order to administer the gasoline license tax law. The statement must be accompanied by a payment in an amount equal to the tax imposed by 15-70-204 less any refund credit issued under 15-70-226 and less 1% of the total tax that may be deducted by the distributor as an allowance for collecting the tax. An allowance may not be deducted from the 4-cent tax on aviation fuel.

(2) A distributor engaged in or carrying on a business at more than one place or location in this state may include all places of business in one statement.

(3) The department or a deputy, assistant, agent, clerk, or other employee of the department may not publish or otherwise disseminate information contained in a statement required under this section in a form that allows identification of a distributor or a purchaser of gasoline. This section does not prohibit:

(a) the delivery to a distributor or the distributor's authorized representative of a certified copy of any return or report filed in connection with the tax;

(b) the inspection by the attorney general or other legal representative of the state of the report or return of a distributor who brings an action to set aside or review the tax based on the report or return or against whom an action or proceeding has been instituted in accordance with the provisions of Title 15;

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(c) the publication of statistics classified to prevent the identification of particular reports or returns and the items in the reports or returns;

(d) the inspection by the commissioner of internal revenue of the United States or the proper officer or any representative of either officer of the report or return of any distributor or the furnishing to the officer or authorized representative of an abstract of the report or return, but permission must be granted or information must be furnished to the officer or the officer's representative if the statutes of the United States or the other state grant substantially similar privileges to the proper officer of this state charged with the administration of this chapter or must be in compliance with 15-70-121 and 15-70-122; or

(e) the compliance of the department with any order of a court of competent jurisdiction. *(Terminates on occurrence of contingency—sec. 17, Ch. 642, L. 1993.)*

15-70-205. *(Effective on occurrence of contingency)* **Distributor's statement and payment — confidentiality.** (1) Each distributor shall, not later than the 25th day of each calendar month, except as provided in 15-70-113(3), render a true signed statement to the department of all gasoline distributed and received by the distributor in this state during the preceding calendar month and containing any other information that the department may reasonably require in order to administer the gasoline license tax law. The statement must be accompanied by a payment in an amount equal to the tax imposed by 15-70-204 less any refund credit issued under 15-70-226 and less 1% of the total tax that may be deducted by the distributor as an allowance for collecting the tax. An allowance may not be deducted from the 3-cent tax on aviation fuel.

(2) A distributor engaged in or carrying on a business at more than one place or location in this state may include all places of business in one statement.

(3) The department or a deputy, assistant, agent, clerk, or other employee of the department may not publish or otherwise disseminate information contained in a statement required under this section in a form that allows identification of a distributor or a purchaser of gasoline. This section does not prohibit:

(a) the delivery to a distributor or the distributor's authorized representative of a certified copy of any return or report filed in connection with the tax;

(b) the inspection by the attorney general or other legal representative of the state of the report or return of a distributor who brings an action to set aside or review the tax based on the report or return or against whom an action or proceeding has been instituted in accordance with the provisions of Title 15;

(c) the publication of statistics classified to prevent the identification of particular reports or returns and the items in the reports or returns;

(d) the inspection by the commissioner of internal revenue of the United States or the proper officer or any representative of either officer of the report or return of any distributor or the furnishing to the officer or authorized representative of an abstract of the report or return, but permission must be granted or information must be furnished to the officer or the officer's

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representative if the statutes of the United States or the other state grant substantially similar privileges to the proper officer of this state charged with the administration of this chapter or must be in compliance with 15-70-121 and 15-70-122; or

(e) the compliance of the department with any order of a court of competent jurisdiction.

History: En. Sec. 5, Ch. 369, L. 1969; amd. Sec. 4, Ch. 204, L. 1971; amd. Sec. 91, Ch. 516, L. 1973; R.C.M. 1947, 84-1849; amd. Sec. 1, Ch. 565, L. 1987; amd. Sec. 8, Ch. 512, L. 1991; amd. Sec. 1, Ch. 521, L. 1991; amd. Secs. 4, 5, Ch. 642, L. 1993; amd. Sec. 2, Ch. 158, L. 1995; amd. Sec. 5, Ch. 77, L. 1999; amd. Sec. 2, Ch. 585, L. 1999; amd. Sec. 2, Ch. 8, Sp. L. May 2000.

Compiler's Comments

2000 Amendment: (Contingent version) Chapter 8 near end of last sentence of (1) substituted "3-cent tax" for "2-cent tax". Amendment effective May 18, 2000.

TITLE 17

STATE FINANCE

CHAPTER 6

DEPOSITS AND INVESTMENTS

17-6-311. Limitation on size of investments. (1) Except as provided in subsections (2) through (4), an investment may not be made that will result in any one business enterprise or person receiving a benefit from or incurring a debt to the permanent coal tax trust fund the total current accumulated amount of which exceeds 1% of the permanent coal tax trust fund. This subsection does not apply to a loan made pursuant to 17-6-317.

(2) Subsection (1) does not limit the board's authority to make loans to the capital reserve account as provided in 17-6-308(2).

(3) Subsection (1) does not apply to the purchase of debentures issued by a capital company. However, the total amount of debentures purchased by the board may not exceed 1% of the Montana permanent coal tax trust fund at the time of purchase.

(4) The total amount of loans made pursuant to 17-6-309(2) or 17-6-317 may not exceed $50 million, and a single loan may not be less than $250,000. Except for a loan made pursuant to 17-6-317, a loan may not exceed $16,666 for each job that is estimated to be created. In determining the size of a loan made pursuant to 17-6-309(2), the board shall consider:

(a) the estimated number of jobs to be created by the project within a 4-year period from the time that the loan is made and the impact of the jobs on the state and the community where the project will be located;

(b) the long-term effect of corporate and personal income taxes estimated to be paid by the business and its employees;

(c) the current and projected ability of the community to provide necessary infrastructure for economic and community development purposes;

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(d) the amount of increased salaries, wages, and business incomes of existing jobholders and businesses; and

(e) other matters that the board considers necessary.

History: En. Sec. 8, Ch. 677, L. 1983; amd. Sec. 4, Ch. 640, L. 1985; amd. Sec. 3, Ch. 124, L. 1987; amd. Sec. 9, Ch. 589, L. 1991; amd. Sec. 3, Ch. 2, L. 1995; amd. Sec. 3, Ch. 477, L. 1995; amd. Sec. 1, Ch. 98, L. 1997; amd. Sec. 2, Ch. 64, L. 1999; amd. Sec. 2, Ch. 4, Sp. L. May 2000.

Compiler's Comments

2000 Amendment: Chapter 4 in (1) inserted second sentence excepting 17-6-317 from provisions of subsection (1); in (4) in first sentence inserted "or 17-6-317" and at beginning of second sentence inserted exception clause; and made minor changes in style. Amendment effective May 11, 2000.

17-6-312. State participation in loans. (1) Subject to 17-6-311(4), state participation in any loan to a business enterprise, except for a loan made pursuant to 17-6-317 or guaranteed by a federal agency, must be limited to 80% of the outstanding loan. The state shall participate in the security for a loan in the same proportion as the loan participation amount.

(2) The purchase of debentures issued by a capital company is not a loan participation and is not subject to subsection (1).

(3) State participation in loans to nonprofit corporations may qualify for the job credit interest rate reductions under 17-6-318 if the interest rate reduction passes through to a for-profit business creating the jobs.

History: En. Sec. 9, Ch. 677, L. 1983; amd. Sec. 4, Ch. 124, L. 1987; amd. Sec. 4, Ch. 2, L. 1995; amd. Sec. 4, Ch. 477, L. 1995; amd. Sec. 3, Ch. 4, Sp. L. May 2000.

Compiler's Comments

2000 Amendment: Chapter 4 in (1) in middle of first sentence inserted reference to 17-6-317. Amendment effective May 11, 2000.

17-6-314. Rate of return. Except as provided in 17-6-317, in calculating the rate of return for any Montana investment to be made from the permanent coal tax trust fund, the board shall consider the long-term benefit to the Montana economy and the additional service fee discount provided for in 17-6-319.

History: En. Sec. 11, Ch. 677, L. 1983; amd. Sec. 10, Ch. 589, L. 1991; amd. Sec. 4, Ch. 4, Sp. L. May 2000.

Compiler's Comments

2000 Amendment: Chapter 4 at beginning inserted exception clause. Amendment effective May 11, 2000.

17-6-317. Participation by private financial institutions — rulemaking. (1) (a) The board may jointly participate with private financial institutions in making loans to a business enterprise if the loan will:

(i) result in the creation of a business estimated to employ at least 15 people in Montana on a permanent, full-time basis; or

(ii) result in the expansion of a business estimated to employ at least an additional 15 people in Montana on a permanent, full-time basis.

(b) Loans under this section may be made only to business enterprises that are producing or will produce value-added products or commodities.

(c) a loan made pursuant to this section does not qualify for a job credit interest rate reduction under 17-6-318.

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(2) A loan made pursuant to this section may not exceed 1% of the coal severance tax permanent fund and must comply with each of the following requirements:

(a) (i) The business enterprise seeking a loan must have a cash equity position equal to at least 25% of the total loan amount.

(ii) A participating private financial institution may not require:

(A) the business enterprise to have an equity position greater than 25% of the total loan amount; or

(B) additional security or guarantees to cover its exposure, but this does not preclude federal guarantees.

(b) The board shall provide 75% of the total loan amount.

(c) The term of the loan may not exceed 15 years.

(d) The board shall charge interest at the following rate:

(i) 2% a year for the first 5 years;

(ii) 6% a year for the second 5 years; and

(iii) for the third 5 years, an amount equal to the national prime interest rate, adjusted annually on January 1 of each year, but not to exceed 10% a year.

(e) (i) A participating private financial institution may charge interest in an amount equal to the national prime interest rate, adjusted on January 1 of each year, but the interest rate may not be less than 6% or greater than 12%.

(ii) A participating private financial institution, or lead private financial institution if more than one is participating, may charge a 0.5% annual service fee.

(f) The business enterprise may not be charged a loan prepayment penalty.

(g) The loan agreement must contain provisions providing for pro rata lien priority and pro rata liquidation provisions based upon the loan percentage of the board and each participating private lender.

(3) If a portion of a loan made pursuant to this section is for construction, disbursement of that portion of the loan must be made based upon the percentage of completion to ensure that the construction portion of the loan is advanced prior to completion of the project.

(4) A private financial institution shall participate in a loan made pursuant to this section to the extent of 85% of its lending limit or 25% of the loan, whichever is less. However, the board's participation in the loan must be 75% of the loan amount.

(5) A business enterprise receiving a loan under the provisions of this section may not pay bonuses or dividends to investors until the loan has been paid off, except that incentives may be paid to employees for achieving performance standards or goals.

(6) The board may adopt rules that it considers necessary to implement this section.

History: En. Sec. 1, Ch. 4, L. 1999.

Compiler's Comments

Effective Date: Section 7, Ch. 4, Sp. L. May 2000, provided: "[This act] is effective on passage and approval." Approved May 11, 2000.

17-6-324. Rulemaking authority. (1) The board may adopt rules to implement the provisions of this part and 17-6-211(2). Rules adopted by the board may include:

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(a) definitions of small- and medium-sized businesses;

(b) a method of committing funds to financial institutions, including guidelines for lead private financial institutions if a consortium of private financial institutions is participating in a loan made pursuant to 17-6-317;

(c) guidelines for graduation clauses for refinancing and early payment of loans made pursuant to 17-6-317;

(d) types of service fees; and

(e) types of investments to be made.

(2) The board may also adopt procedural rules to govern its proceedings.

History: En. Sec. 16, Ch. 677, L. 1983; amd. Sec. 8, Ch. 418, L. 1985; amd. Sec. 5, Ch. 4, Sp. L. May 2000.

Compiler's Comments

2000 Amendment: Chapter 4 in (1)(b) at end inserted language concerning guidelines for lead private financial institutions participating in consortium loans; inserted (1)(c) referring to guidelines for graduation clauses and early payment of loans; and made minor changes in style. Amendment effective May 11, 2000.

CHAPTER 7

BUDGETING AND APPROPRIATIONS

17-7-502. Statutory appropriations — definition — requisites for validity. (1) A statutory appropriation is an appropriation made by permanent law that authorizes spending by a state agency without the need for a biennial legislative appropriation or budget amendment.

(2) Except as provided in subsection (4), to be effective, a statutory appropriation must comply with both of the following provisions:

(a) The law containing the statutory authority must be listed in subsection (3).

(b) The law or portion of the law making a statutory appropriation must specifically state that a statutory appropriation is made as provided in this section.

(3) The following laws are the only laws containing statutory appropriations: 2-17-105; 3-5-901; 5-13-403; 10-3-203; 10-3-310; 10-3-312; 10-3-314; 10-4-301; 15-1-111; 15-23-706; 15-31-702; 15-34-115; 15-35-108; 15-36-324; 15-37-117; 15-38-202; 15-65-121; 15-70-101; 16-1-404; 16-1-406; 16-1-411; 17-3-106; 17-3-212; 17-3-222; 17-6-101; 17-7-304; 18-11-112; 19-3-319; 19-6-709; 19-9-702; 19-13-604; 19-17-301; 19-18-512; 19-19-305; 19-19-506; 19-20-604; 20-8-107; 20-26-1503; 22-3-1004; 23-5-136; 23-5-306; 23-5-409; 23-5-610; 23-5-612; 23-5-631; 23-7-301; 23-7-402; 37-43-204; 37-51-501; 39-71-503; 42-2-105; 44-12-206; 44-13-102; 50-4-623; 53-6-703; 53-24-206; 67-3-205; 75-1-1101; 75-5-1108; 75-6-214; 75-11-313; 77-1-505; 80-2-222; 80-4-416; 80-11-518; 81-5-111; 82-11-161; 87-1-513; 90-3-1003; 90-6-710; and 90-9-306.

(4) There is a statutory appropriation to pay the principal, interest, premiums, and costs of issuing, paying, and securing all bonds, notes, or other obligations, as due, that have been authorized and issued pursuant to the laws of Montana. Agencies that have entered into agreements authorized by the laws of Montana to pay the state treasurer, for deposit in accordance with

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17-2-101 through 17-2-107, as determined by the state treasurer, an amount sufficient to pay the principal and interest as due on the bonds or notes have statutory appropriation authority for the payments. *(In subsection (3): pursuant to sec. 7, Ch. 567, L. 1991, the inclusion of 19-6-709 terminates upon death of last recipient eligible for supplemental benefit; pursuant to Ch. 422, L. 1997, the inclusion of 15-1-111 terminates on July 1, 2008, which is the date that section is repealed; pursuant to sec. 10, Ch. 360, L. 1999, the inclusion of 19-20-604 terminates when the amortization period for the teachers' retirement system's unfunded liability is 10 years or less; pursuant to sec. 4, Ch. 497, L. 1999, the inclusion of 15-38-202 terminates July 1, 2014; and pursuant to sec. 10(2), Ch. 10, Sp. L. May 2000, the inclusion of 15-35-108 and 90-6-710 terminates June 30, 2005.)*

History: **En. Sec. 2, Ch. 703, L. 1985; amd. Sec. 2, Ch. 244, L. 1985; amd. Sec. 11, Ch. 395, L. 1985; amd. Sec. 20, Ch. 635, L. 1985; amd. Sec. 19, Ch. 688, L. 1985; amd. Sec. 14, Ch. 701, L. 1985; amd. Sec. 14, Ch. 720, L. 1985; amd. Sec. 15, HB 861, L. 1985; amd. Sec. 10, HB 922, L. 1985; amd. Sec. 10, Ch. 161, L. 1987; amd. Sec. 2, Ch. 164, L. 1987; amd. Sec. 1, Ch. 265, L. 1987; amd. Sec. 8, Ch. 453, L. 1987; amd. Sec. 3, Ch. 454, L. 1987; amd. Sec. 30, Ch. 457, L. 1987; amd. Sec. 10, Ch. 460, L. 1987; amd. Sec. 21, Ch. 461, L. 1987; amd. Sec. 6, Ch. 465, L. 1987; amd. Sec. 11, Ch. 563, L. 1987; amd. Sec. 10, Ch. 603, L. 1987; amd. Sec. 10, Ch. 607, L. 1987; amd. Sec. 5, Ch. 664, L. 1987; amd. Sec. 14, Ch. 665, L. 1987; amd. Sec. 12, HB 621, L. 1987; amd. Sec. 1, Ch. 62, L. 1989; amd. Sec. 38, Ch. 262, L. 1989; amd. Sec. 23, Ch. 316, L. 1989; amd. Sec. 7, Ch. 324, L. 1989; amd. Sec. 1, Ch. 408, L. 1989; amd. Sec. 11, Ch. 473, L. 1989; amd. Sec. 13, Ch. 528, L. 1989; amd. Sec. 2, Ch. 530, L. 1989; amd. Sec. 3, Ch. 628, L. 1989; amd. Sec. 62, Ch. 642, L. 1989; amd. Sec. 13, Ch. 672, L. 1989; amd. Sec. 14, Ch. 678, L. 1989; amd. Sec. 10, Ch. 10, Sp. L. June 1989; amd. Sec. 6, Ch. 11, Sp. L. June 1989; amd. Sec. 16, Ch. 16, L. 1991; amd. Sec. 1, Ch. 344, L. 1991; amd. Sec. 2, Ch. 370, L. 1991; amd. Sec. 4, Ch. 394, L. 1991; amd. Sec. 2, Ch. 493, L. 1991; amd. Sec. 1, Ch. 495, L. 1991; amd. Sec. 2, Ch. 567, L. 1991; amd. Sec. 4, Ch. 571, L. 1991; amd. Sec. 1, Ch. 575, L. 1991; amd. Sec. 2, Ch. 600, L. 1991; amd. Sec. 10, Ch. 602, L. 1991; amd. Sec. 19, Ch. 609, L. 1991; amd. Sec. 5, Ch. 641, L. 1991; amd. Sec. 52, Ch. 647, L. 1991; amd. Sec. 1, Ch. 690, L. 1991; amd. Sec. 7, Ch. 701, L. 1991; amd. Sec. 14, Ch. 748, L. 1991; amd. Sec. 7, Ch. 787, L. 1991; amd. Sec. 3, Ch. 819, L. 1991; amd. Sec. 18, Ch. 823, L. 1991; amd. Sec. 2, Ch. 46, L. 1993; amd. Sec. 4, Ch. 69, L. 1993; amd. Sec. 3, Ch. 107, L. 1993; amd. Sec. 5, Ch. 108, L. 1993; amd. Sec. 3, Ch. 127, L. 1993; amd. Sec. 2, Ch. 195, L. 1993; amd. Sec. 2, Ch. 234, L. 1993; amd. Sec. 233, Ch. 265, L. 1993; amd. Sec. 3, Ch. 330, L. 1993; amd. Sec. 2, Ch. 389, L. 1993; amd. Sec. 3, Ch. 395, L. 1993; amd. Sec. 8, Ch. 415, L. 1993; amd. Sec. 4, Ch. 450, L. 1993; amd. Sec. 15, Ch. 452, L. 1993; amd. Sec. 2, Ch. 492, L. 1993; amd. Sec. 11, Ch. 526, L. 1993; amd. Sec. 9, Ch. 534, L. 1993; amd. Sec. 18, Ch. 555, L. 1993; amd. Sec. 4, Ch. 578, L. 1993; amd. Sec. 7, Ch. 581, L. 1993; amd. Sec. 4, Ch. 605, L. 1993; amd. Sec. 13, Ch. 613, L. 1993; amd. Sec. 6, Ch. 625, L. 1993; amd. Sec. 11, Ch. 630, L. 1993; amd. Sec. 3, Ch. 635, L. 1993; amd. Sec. 18, Ch. 10, Sp. L. November 1993; amd. Sec. 2, Ch. 36, Sp. L. November 1993; amd. Sec. 33, Ch. 18, L. 1995; amd. Sec. 3, Ch. 29, L. 1995; amd. Sec. 9, Ch. 176, L. 1995; amd. Sec. 5, Ch. 291, L. 1995; amd. Sec. 20, Ch. 429, L. 1995; amd. Sec. 7, Ch. 439, L. 1995; amd. Sec. 4, Ch. 442, L. 1995; amd. Sec. 2, Ch. 446, L. 1995; amd. Sec. 37, Ch. 451, L. 1995; amd. Sec. 11, Ch. 502, L. 1995; amd. Sec. 24, Ch. 509, L. 1995; amd. Sec. 8, Ch. 526, L. 1995; amd. Sec. 17, Ch. 553, L. 1995; amd. Sec. 2, Ch. 557, L. 1995; amd. Sec. 3, Ch. 276, L. 1997; amd. Secs. 26, 27, Ch. 422, L. 1997; amd. Sec. 1, Ch. 445, L. 1997; amd. Sec. 3, Ch. 461, L. 1997; amd. Sec. 12, Ch. 466, L. 1997; amd. Sec. 12, Ch. 469, L. 1997; amd. Sec. 159, Ch. 480, L. 1997; amd. Sec. 1, Ch. 523, L. 1997; amd. Secs. 15, 39(1)(b), (2)(b), Ch. 532, L. 1997; amd. Sec. 11, Ch. 549, L. 1997; amd. Sec. 46, Ch. 51, L. 1999; amd. Sec. 14, Ch. 83, L. 1999; amd. Sec. 3, Ch. 360, L. 1999; amd. Sec. 12, Ch. 389, L. 1999; amd. Sec. 3, Ch. 497, L. 1999; amd. Sec. 8, Ch. 554, L. 1999; amd. Sec. 6, Ch. 563, L. 1999; amd. Sec. 3, Ch. 10, Sp. L. May 2000.**

Compiler's Comments

2000 Amendment: Chapter 10 in (3) inserted "15-35-108" and "90-6-710" in list of statutory references; and made minor changes in style. Amendment effective May 22, 2000, and terminates June 30, 2005.

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TITLE 20

EDUCATION

CHAPTER 9

FINANCE

20-9-141. Computation of general fund net levy requirement by county superintendent. (1) The county superintendent shall compute the levy requirement for each district's general fund on the basis of the following procedure:

(a) Determine the funding required for the district's final general fund budget less the sum of direct state aid and the special education allowable cost payment for the district by totaling:

(i) the district's nonisolated school BASE budget requirement to be met by a district levy as provided in 20-9-303; and

(ii) any general fund budget amount adopted by the trustees of the district under the provisions of 20-9-308 and 20-9-353, including any additional funding for a general fund budget that exceeds the maximum general fund budget.

(b) Determine the money available for the reduction of the property tax on the district for the general fund by totaling:

(i) the general fund balance reappropriated, as established under the provisions of 20-9-104;

(ii) 98% of actual amounts received in fiscal year 1999 for light vehicle taxes under 61-3-504;

(iii) amounts received in the last fiscal year for which revenue reporting was required for each of the following:

(A) revenue from taxes and fees imposed under 23-2-517, 23-2-803, 61-3-521, 61-3-527, 61-3-529, and 67-3-204;

(B) interest earned by the investment of general fund cash in accordance with the provisions of 20-9-213(4); and

(C) any other revenue received during the school fiscal year that may be used to finance the general fund, excluding any guaranteed tax base aid;

(iv) anticipated tuition payments for out-of-district pupils under the provisions of 20-5-321 through 20-5-323, except the amount of tuition received for a pupil who is a child with a disability in excess of the amount received for a pupil without disabilities, as calculated under 20-5-323(2);

(v) anticipated oil and natural gas production taxes;

(vi) pursuant to subsection (4), anticipated revenue from coal gross proceeds under 15-23-703 and property tax reimbursements under 15-1-111, 15-1-112, and section 167, Chapter 584, Laws of 1999; and

(vii) anticipated revenue from corporation license taxes collected from financial institutions under the provisions of 15-31-702.

(c) Notwithstanding the provisions of subsection (2), subtract the money available to reduce the property tax required to finance the general fund that

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has been determined in subsection (1)(b) from any general fund budget amount adopted by the trustees of the district, up to the BASE budget amount, to determine the general fund BASE budget levy requirement.

(d) Subtract any amount remaining after the determination in subsection (1)(c) from any additional funding requirement to be met by an over-BASE budget amount, a district levy as provided in 20-9-303, and any additional financing as provided in 20-9-353 to determine any additional general fund levy requirements.

(2) The county superintendent shall calculate the number of mills to be levied on the taxable property in the district to finance the general fund levy requirement for any amount that does not exceed the BASE budget amount for the district by dividing the amount determined in subsection (1)(c) by the sum of:

(a) the amount of guaranteed tax base aid that the district will receive for each mill levied, as certified by the superintendent of public instruction; and

(b) the current total taxable valuation of the district, as certified by the department of revenue under 15-10-202, divided by 1,000.

(3) The net general fund levy requirement determined in subsections (1)(c) and (1)(d) must be reported to the county commissioners on the fourth Monday of August by the county superintendent as the general fund net levy requirement for the district, and a levy must be set by the county commissioners in accordance with 20-9-142.

(4) For each school district, the department of revenue shall calculate and report to the county superintendent the amount of revenue anticipated for the ensuing fiscal year from revenue from coal gross proceeds under 15-23-703 and property tax reimbursements under 15-1-111, 15-1-112, and section 167, Chapter 584, Laws of 1999.

History: En. 75-6926 by Sec. 276, Ch. 5, L. 1971; R.C.M. 1947, 75-6926; amd. Sec. 1, Ch. 699, L. 1983; amd. Sec. 1, Ch. 110, L. 1985; amd. Sec. 1, Ch. 265, L. 1985; amd. Sec. 12, Ch. 695, L. 1985; amd. Sec. 15, Ch. 611, L. 1987; amd. Sec. 19, Ch. 655, L. 1987; amd. Sec. 5, Ch. 35, L. 1989; amd. Secs. 21, 83, Ch. 11, Sp. L. June 1989; amd. Sec. 8, Ch. 267, L. 1991; amd. Sec. 8, Ch. 767, L. 1991; amd. Sec. 6, Ch. 133, L. 1993; amd. Sec. 2, Ch. 325, L. 1993; amd. Sec. 14, Ch. 563, L. 1993; amd. Sec. 13, Ch. 633, L. 1993; amd. Sec. 16, Ch. 9, Sp. L. November 1993; amd. Sec. 2, Ch. 35, Sp. L. November 1993; amd. Sec. 39, Ch. 451, L. 1995; amd. Sec. 2, Ch. 580, L. 1995; amd. Sec. 2, Ch. 389, L. 1997; amd. Sec. 9, Ch. 496, L. 1997; amd. Sec. 99(4), Ch. 51, L. 1999; amd. Sec. 1, Ch. 180, L. 1999; amd. Secs. 106, 170(3), Ch. 584, L. 1999; amd. Sec. 7, Ch. 11, Sp. L. May 2000.

Compiler's Comments

2000 Amendment: Chapter 11 inserted (1)(b)(ii) relating to 98% of actual amounts received in fiscal year 1999 for light vehicle taxes under 61-3-504; deleted former (1)(b)(ii)(D) that read: "(D) reimbursements for unrealized motor vehicle tax revenue, as provided in 61-3-509(1)"; deleted former (1)(b)(iv) that read: "(iv) anticipated revenue from taxes and fees imposed under 61-3-504 and 61-3-537, which for the fiscal year beginning July 1, 2000, may not be less than 75% of the previous year's revenue from these sources"; and made minor changes in style. Amendment effective May 25, 2000.

Effective Date — Applicability: Section 18(1), Ch. 11, Sp. L. May 2000, provided: "Except as provided in subsection (2), [this act] is effective on passage and approval [approved May 25, 2000], and [sections 6 through 13] [15-10-420, 20-9-141, 20-9-306, 20-9-367, 20-9-368, and 61-3-509 and amendments to secs. 167 and 169, Ch. 584, L. 1999] apply to fiscal years beginning on or after July 1, 2000, and to school budgets for school fiscal years beginning on or after July 1, 2000."

20-9-306. *(Temporary)* **Definitions.** As used in this title, unless the context clearly indicates otherwise, the following definitions apply:

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(1) "BASE" means base amount for school equity.

(2) "BASE aid" means:

(a) direct state aid for 41.1% of the basic entitlement and 41.1% of the total per-ANB entitlement for the general fund budget of a district; and

(b) guaranteed tax base aid for an eligible district for any amount up to 38.9% of the basic entitlement, up to 38.9% of the total per-ANB entitlement budgeted in the general fund budget of a district, and up to 40% of the special education allowable cost payment.

(3) "BASE budget" means the minimum general fund budget of a district, which includes 80% of the basic entitlement, 80% of the total per-ANB entitlement, and up to 140% of the special education allowable cost payment.

(4) "BASE budget levy" means the district levy in support of the BASE budget of a district, which may be supplemented by guaranteed tax base aid if the district is eligible under the provisions of 20-9-366 through 20-9-369.

(5) "BASE funding program" means the state program for the equitable distribution of the state's share of the cost of Montana's basic system of public elementary schools and high schools, through county equalization aid as provided in 20-9-331 and 20-9-333 and state equalization aid as provided in 20-9-343, in support of the BASE budgets of districts and special education allowable cost payments as provided in 20-9-321.

(6) "Basic entitlement" means:

(a) $200,000 for each high school district;

(b) $18,000 for each elementary school district or K-12 district elementary program without an approved and accredited junior high school or middle school; and

(c) the prorated entitlement for each elementary school district or K-12 district elementary program with an approved and accredited junior high school or middle school, calculated as follows:

(i) $18,000 times the ratio of the ANB for kindergarten through grade 6 to the total ANB of kindergarten through grade 8; plus

(ii) $200,000 times the ratio of the ANB for grades 7 and 8 to the total ANB of kindergarten through grade 8.

(7) "Direct state aid" means 41.1% of the basic entitlement and 41.1% of the total per-ANB entitlement for the general fund budget of a district and funded with state and county equalization aid.

(8) "Maximum general fund budget" means a district's general fund budget amount calculated from the basic entitlement for the district, the total per-ANB entitlement for the district, and up to 153% of special education allowable cost payments.

(9) "Over-BASE budget levy" means the district levy in support of any general fund amount budgeted that is above the BASE budget and below the maximum general fund budget for a district.

(10) "Total per-ANB entitlement" means the district entitlement resulting from the following calculations:

(a) for a high school district or a K-12 district high school program, a maximum rate of $4,821 for the first ANB is decreased at the rate of 50 cents per ANB for each additional ANB of the district up through 800 ANB, with each ANB in excess of 800 receiving the same amount of entitlement as the 800th ANB;

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(b) for an elementary school district or a K-12 district elementary program without an approved and accredited junior high school or middle school, a maximum rate of $3,529 for the first ANB is decreased at the rate of 20 cents per ANB for each additional ANB of the district up through 1,000 ANB, with each ANB in excess of 1,000 receiving the same amount of entitlement as the 1,000th ANB; and

(c) for an elementary school district or a K-12 district elementary program with an approved and accredited junior high school or middle school, the sum of:

(i) a maximum rate of $3,529 for the first ANB for kindergarten through grade 6 is decreased at the rate of 20 cents per ANB for each additional ANB up through 1,000 ANB, with each ANB in excess of 1,000 receiving the same amount of entitlement as the 1,000th ANB; and

(ii) a maximum rate of $4,821 for the first ANB for grades 7 and 8 is decreased at the rate of 50 cents per ANB for each additional ANB for grades 7 and 8 up through 800 ANB, with each ANB in excess of 800 receiving the same amount of entitlement as the 800th ANB. *(Terminates June 30, 2000—sec. 10, Ch. 211, L. 1999.)*

20-9-306. *(Effective July 1, 2000)* **Definitions.** As used in this title, unless the context clearly indicates otherwise, the following definitions apply:

(1) "BASE" means base amount for school equity.

(2) "BASE aid" means:

(a) direct state aid for 44.7% of the basic entitlement and 44.7% of the total per-ANB entitlement for the general fund budget of a district; and

(b) guaranteed tax base aid for an eligible district for any amount up to 35.3% of the basic entitlement, up to 35.3% of the total per-ANB entitlement budgeted in the general fund budget of a district, and up to 40% of the special education allowable cost payment.

(3) "BASE budget" means the minimum general fund budget of a district, which includes 80% of the basic entitlement, 80% of the total per-ANB entitlement, and up to 140% of the special education allowable cost payment.

(4) "BASE budget levy" means the district levy in support of the BASE budget of a district, which may be supplemented by guaranteed tax base aid if the district is eligible under the provisions of 20-9-366 through 20-9-369.

(5) "BASE funding program" means the state program for the equitable distribution of the state's share of the cost of Montana's basic system of public elementary schools and high schools, through county equalization aid as provided in 20-9-331 and 20-9-333 and state equalization aid as provided in 20-9-343, in support of the BASE budgets of districts and special education allowable cost payments as provided in 20-9-321.

(6) "Basic entitlement" means:

(a) $206,000 for each high school district;

(b) $18,540 for each elementary school district or K-12 district elementary program without an approved and accredited junior high school or middle school; and

(c) the prorated entitlement for each elementary school district or K-12 district elementary program with an approved and accredited junior high school or middle school, calculated as follows:

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(i) $18,540 times the ratio of the ANB for kindergarten through grade 6 to the total ANB of kindergarten through grade 8; plus

(ii) $206,000 times the ratio of the ANB for grades 7 and 8 to the total ANB of kindergarten through grade 8.

(7) "Direct state aid" means 44.7% of the basic entitlement and 44.7% of the total per-ANB entitlement for the general fund budget of a district and funded with state and county equalization aid.

(8) "Maximum general fund budget" means a district's general fund budget amount calculated from the basic entitlement for the district, the total per-ANB entitlement for the district, and up to 153% of special education allowable cost payments.

(9) "Over-BASE budget levy" means the district levy in support of any general fund amount budgeted that is above the BASE budget and below the maximum general fund budget for a district.

(10) "Total per-ANB entitlement" means the district entitlement resulting from the following calculations:

(a) for a high school district or a K-12 district high school program, a maximum rate of $5,015 for the first ANB is decreased at the rate of 50 cents per ANB for each additional ANB of the district up through 800 ANB, with each ANB in excess of 800 receiving the same amount of entitlement as the 800th ANB;

(b) for an elementary school district or a K-12 district elementary program without an approved and accredited junior high school or middle school, a maximum rate of $3,763 for the first ANB is decreased at the rate of 20 cents per ANB for each additional ANB of the district up through 1,000 ANB, with each ANB in excess of 1,000 receiving the same amount of entitlement as the 1,000th ANB; and

(c) for an elementary school district or a K-12 district elementary program with an approved and accredited junior high school or middle school, the sum of:

(i) a maximum rate of $3,763 for the first ANB for kindergarten through grade 6 is decreased at the rate of 20 cents per ANB for each additional ANB up through 1,000 ANB, with each ANB in excess of 1,000 receiving the same amount of entitlement as the 1,000th ANB; and

(ii) a maximum rate of $5,015 for the first ANB for grades 7 and 8 is decreased at the rate of 50 cents per ANB for each additional ANB for grades 7 and 8 up through 800 ANB, with each ANB in excess of 800 receiving the same amount of entitlement as the 800th ANB.

History: En. Sec. 1, Ch. 633, L. 1993; amd. Sec. 1, Ch. 38, Sp. L. November 1993; amd. Secs. 1, 2, Ch. 437, L. 1997; amd. Sec. 1, Ch. 211, L. 1999; amd. Sec. 8, Ch. 11, Sp. L. May 2000.

Compiler's Comments

2000 Amendment: (Version effective July 1, 2000) Chapter 11 in definition of BASE aid in (a) in two places substituted "44.7%" for "41.8%" and in (b) in two places substituted "35.3%" for "38.2%"; in definition of basic entitlement in (a) and (c)(ii) substituted "$206,000" for "$200,000" and in (b) and (c)(i) substituted "$18,540" for "$18,000"; in definition of direct state aid in two places substituted "44.7%" for "41.8%"; and in definition of total per-ANB entitlement in (a) and (c)(ii) substituted "$5,015" for "$4,869" and in (b) and (c)(i) substituted "$3,763" for "$3,653". Amendment effective May 25, 2000.

Effective Date — Applicability: Section 18(1), Ch. 11, Sp. L. May 2000, provided: "Except as provided in subsection (2), [this act] is effective on passage and approval [approved May 25, 2000], and [sections 6 through 13]

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[15-10-420, 20-9-141, 20-9-306, 20-9-367, 20-9-368, and 61-3-509 and amendments to secs. 167 and 169, Ch. 584, L. 1999] apply to fiscal years beginning on or after July 1, 2000, and to school budgets for school fiscal years beginning on or after July 1, 2000."

20-9-367. *(Temporary)* **Eligibility to receive guaranteed tax base aid or state advance or reimbursement for school facilities.** (1) If the district guaranteed tax base ratio of any elementary or high school district is less than the corresponding statewide elementary or high school guaranteed tax base ratio, the district may receive guaranteed tax base aid based on the number of mills levied in the district in support of up to 38.9% of the basic entitlement, up to 38.9% of the total per-ANB entitlement, and up to 40% of the special education allowable cost payment budgeted within the general fund budget.

(2) If the county retirement mill value per elementary ANB or the county retirement mill value per high school ANB is less than the corresponding statewide mill value per elementary ANB or high school ANB, the county may receive guaranteed tax base aid based on the number of mills levied in the county in support of the retirement fund budgets of the respective elementary or high school districts in the county.

(3) For the purposes of 20-9-370 and 20-9-371, if the district mill value per elementary ANB or the district mill value per high school ANB is less than the corresponding statewide mill value per elementary ANB or statewide mill value per high school ANB, the district may receive a state advance or reimbursement for school facilities in support of the debt service fund. *(Terminates June 30, 2000—sec. 10, Ch. 211, L. 1999.)*

20-9-367. *(Effective July 1, 2000)* **Eligibility to receive guaranteed tax base aid or state advance or reimbursement for school facilities.** (1) If the district guaranteed tax base ratio of any elementary or high school district is less than the corresponding statewide elementary or high school guaranteed tax base ratio, the district may receive guaranteed tax base aid based on the number of mills levied in the district in support of up to 35.3% of the basic entitlement, up to 35.3% of the total per-ANB entitlement, and up to 40% of the special education allowable cost payment budgeted within the general fund budget.

(2) If the county retirement mill value per elementary ANB or the county retirement mill value per high school ANB is less than the corresponding statewide mill value per elementary ANB or high school ANB, the county may receive guaranteed tax base aid based on the number of mills levied in the county in support of the retirement fund budgets of the respective elementary or high school districts in the county.

(3) For the purposes of 20-9-370 and 20-9-371, if the district mill value per elementary ANB or the district mill value per high school ANB is less than the corresponding statewide mill value per elementary ANB or statewide mill value per high school ANB, the district may receive a state advance or reimbursement for school facilities in support of the debt service fund.

History: En. Sec. 61, Ch. 11, Sp. L. June 1989; amd. Sec. 8, Ch. 711, L. 1991; amd. Sec. 32, Ch. 767, L. 1991; amd. Sec. 31, Ch. 633, L. 1993; amd. Sec. 2, Ch. 586, L. 1995; amd. Secs. 4, 5, Ch. 211, L. 1999; amd. Sec. 9, Ch. 11, Sp. L. May 2000.

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Compiler's Comments

2000 Amendment: (Version effective July 1, 2000) Chapter 11 in (1) in two places substituted "35.3%" for "38.2%" in the figures for basic entitlement and total per-ANB entitlement. Amendment effective May 25, 2000.

Effective Date — Applicability: Section 18(1), Ch. 11, Sp. L. May 2000, provided: "Except as provided in subsection (2), [this act] is effective on passage and approval [approved May 25, 2000], and [sections 6 through 13] [15-10-420, 20-9-141, 20-9-306, 20-9-367, 20-9-368, and 61-3-509 and amendments to secs. 167 and 169, Ch. 584, L. 1999] apply to fiscal years beginning on or after July 1, 2000, and to school budgets for school fiscal years beginning on or after July 1, 2000."

20-9-368. *(Temporary)* **Amount of guaranteed tax base aid.** (1) The amount of guaranteed tax base aid per ANB that a county may receive in support of the retirement fund budgets of the elementary school districts in the county is the difference between the county mill value per elementary ANB and the statewide mill value per elementary ANB, multiplied by the number of mills levied in support of the retirement fund budgets for the elementary districts in the county.

(2) The amount of guaranteed tax base aid per ANB that a county may receive in support of the retirement fund budgets of the high school districts in the county is the difference between the county mill value per high school ANB and the statewide mill value per high school ANB, multiplied by the number of mills levied in support of the retirement fund budgets for the high school districts in the county.

(3) The amount of guaranteed tax base aid that a district may receive in support of up to 38.9% of the basic entitlement, up to 38.9% of the total per-ANB entitlement budgeted within the general fund budget, and up to 40% of the special education payment is calculated in the following manner:

(a) multiply the sum of the district's direct state aid and 40% of the special education allowable cost payment by the corresponding statewide guaranteed tax base ratio;

(b) subtract the taxable valuation of the district from the product obtained in subsection (3)(a); and

(c) divide the remainder by 1,000 to determine the equivalent to the dollar amount of guaranteed tax base aid for each mill levied.

(4) Guaranteed tax base aid provided to any county or district under this section is earmarked to finance the fund or portion of the fund for which it is provided. If a county or district receives more guaranteed tax base aid than it is entitled to, the excess must be returned to the state as required by 20-9-344. *(Terminates June 30, 2000—sec. 10, Ch. 211, L. 1999.)*

20-9-368. *(Effective July 1, 2000)* **Amount of guaranteed tax base aid.** (1) The amount of guaranteed tax base aid per ANB that a county may receive in support of the retirement fund budgets of the elementary school districts in the county is the difference between the county mill value per elementary ANB and the statewide mill value per elementary ANB, multiplied by the number of mills levied in support of the retirement fund budgets for the elementary districts in the county.

(2) The amount of guaranteed tax base aid per ANB that a county may receive in support of the retirement fund budgets of the high school districts in the county is the difference between the county mill value per high school ANB and the statewide mill value per high school ANB, multiplied by the number of

mills levied in support of the retirement fund budgets for the high school districts in the county.

(3) The amount of guaranteed tax base aid that a district may receive in support of up to 35.3% of the basic entitlement, up to 35.3% of the total per-ANB entitlement budgeted within the general fund budget, and up to 40% of the special education payment is calculated in the following manner:

(a) multiply the sum of the district's BASE budget amount less direct state aid by the corresponding statewide guaranteed tax base ratio;

(b) subtract the taxable valuation of the district from the product obtained in subsection (3)(a); and

(c) divide the remainder by 1,000 to determine the equivalent to the dollar amount of guaranteed tax base aid for each mill levied.

(4) Guaranteed tax base aid provided to any county or district under this section is earmarked to finance the fund or portion of the fund for which it is provided. If a county or district receives more guaranteed tax base aid than it is entitled to, the excess must be returned to the state as required by 20-9-344.

History: En. Sec. 62, Ch. 11, Sp. L. June 1989; amd. Sec. 9, Ch. 711, L. 1991; amd. Sec. 33, Ch. 767, L. 1991; amd. Sec. 32, Ch. 633, L. 1993; amd. Secs. 6, 7, Ch. 211, L. 1999; amd. Sec. 10, Ch. 11, Sp. L. May 2000.

Compiler's Comments

2000 Amendment: (Version effective July 1, 2000) Chapter 11 in (3) in two places substituted "35.3%" for "38.2%" in the figures for basic entitlement and total per-ANB entitlement. Amendment effective May 25, 2000.

Effective Date — Applicability: Section 18(1), Ch. 11, Sp. L. May 2000, provided: "Except as provided in subsection (2), [this act] is effective on passage and approval [approved May 25, 2000], and [sections 6 through 13] [15-10-420, 20-9-141, 20-9-306, 20-9-367, 20-9-368, and 61-3-509 and amendments to secs. 167 and 169, Ch. 584, L. 1999] apply to fiscal years beginning on or after July 1, 2000, and to school budgets for school fiscal years beginning on or after July 1, 2000."

TITLE 61

MOTOR VEHICLES

CHAPTER 3

CERTIFICATES OF OWNERSHIP, REGISTRATION, AND TAXATION OF MOTOR VEHICLES

61-3-509. Disposition of taxes. (1) Except as provided in subsection (3), the county treasurer shall, after deducting the district court fee, credit all taxes on motor vehicles and fees in lieu of tax on motorcycles, quadricycles, motor homes, travel trailers, campers, trailers, pole trailers, semitrailers, buses, trucks having a manufacturer's rated capacity of more than 1 ton, and truck tractors collected under 61-3-504, 61-3-521, 61-3-527, 61-3-529, and 61-3-537, to a motor vehicle suspense fund. At some time between March 1 and March 10 of each year and every 60 days after that date, the county treasurer shall distribute the money in the motor vehicle suspense fund. Except for taxes collected under 61-3-504, the county treasurer shall distribute the money in

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the fund in the relative proportions required by the levies for state, county, school district, and municipal purposes in the same manner as personal property taxes are distributed.

(2) Except as provided in subsection (3), for money in the fund collected under 61-3-504, the county treasurer shall disregard the statewide mills levied for the university system and the mills levied for equalization aid under 20-9-331, 20-9-333, and 20-9-360 in determining distribution proportions of the money and may not distribute money from 61-3-504 to the state for those levies. Money collected under 61-3-504 that previously was distributed pursuant to levies imposed by 20-9-331 and 20-9-333 is a local government reimbursement for the purposes of 15-10-420.

(3) The county treasurer shall deduct as a district court fee 10% of the amount of the tax collected on light vehicles under 61-3-504(1). The county treasurer shall credit the fee for district courts to a separate suspense account and shall forward the amount in the account to the state treasurer at the time that the county treasurer distributes money from the motor vehicle suspense fund. The state treasurer shall credit amounts received under this subsection to the state special revenue fund to be used for purposes of state funding of district court expenses as provided in 3-5-901.

History: En. Subd. 4, Sec. 1, Ch. 158, L. 1933; re-en. Sec. 1759.3, R.C.M. 1935; amd. Sec. 4, Ch. 72, L. 1937; amd. Sec. 1, Ch. 154, L. 1943; amd. Sec. 1, Ch. 200, L. 1945; amd. Sec. 29, Ch. 121, L. 1965; R.C.M. 1947, 53-117; amd. Sec. 16, Ch. 712, L. 1979; amd. Sec. 34, Ch. 614, L. 1981; amd. Sec. 25, Ch. 516, L. 1985; amd. Sec. 1, Ch. 685, L. 1985; amd. Sec. 1, Ch. 702, L. 1985; amd. Sec. 2, Ch. 1, Sp. L. 1985; amd. Sec. 3, Ch. 416, L. 1987; amd. Sec. 29, Ch. 611, L. 1987; amd. Sec. 46, Ch. 16, L. 1991; amd. Sec. 5, Ch. 330, L. 1993; amd. Sec. 11, Ch. 580, L. 1995; amd. Sec. 6, Ch. 121, L. 1997; amd. Sec. 51, Ch. 422, L. 1997; amd. Sec. 27, Ch. 496, L. 1997; amd. Sec. 170(2), Ch. 584, L. 1999; amd. Sec. 11, Ch. 11, Sp. L. May 2000.

Compiler's Comments

2000 Amendment: Chapter 11 in (2) at beginning inserted exception clause, in middle of first sentence inserted references to 20-9-331 and 20-9-333, and substituted second sentence providing that money collected under 61-3-504 previously distributed pursuant to levies imposed by 20-9-331 and 20-9-333 is a local government reimbursement for purposes of 15-10-420 for former second and third sentences that read: "If the distribution of money collected under 61-3-504 to a school district general fund results in a lower revenue than the district received in fiscal year 1999 and the district has, for all years after fiscal year 1999, received less revenue than in fiscal year 1999, then the district general fund is entitled to state reimbursement for the amount of the difference between the fiscal year 1999 revenue and the prior school fiscal year revenue under 61-3-504. Prior to January 31, the office of public instruction shall distribute to each school district an amount equal to the state reimbursement for the prior school year"; and made minor changes in style. Amendment effective May 25, 2000, and terminates January 1, 2001, if Ch. 515, L. 1999, is approved by the electorate on November 7, 2000.

Effective Date — Applicability: Section 18(1), Ch. 11, Sp. L. May 2000, provided: "Except as provided in subsection (2), [this act] is effective on passage and approval [approved May 25, 2000], and [sections 6 through 13] [15-10-420, 20-9-141, 20-9-306, 20-9-367, 20-9-368, and 61-3-509 and amendments to secs. 167 and 169, Ch. 584, L. 1999] apply to fiscal years beginning on or after July 1, 2000, and to school budgets for school fiscal years beginning on or after July 1, 2000."

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TITLE 67

AERONAUTICS

CHAPTER 1

GENERAL PROVISIONS

67-1-301. *(Temporary)* **Money — receipt and disbursement.** (1) All costs and expenses of administering this title, including the salaries of employees of the department engaged in functions pertaining to aeronautics, the expenses of members of the board, and all other disbursements necessary to carry out the purposes of this title, must be paid out of the following revenue:

(a) all gifts and all legislative appropriations to the department for aeronautics;

(b) all money received from any branch or department of the federal government or from other sources for the purposes mentioned in this title or for the furtherance of aeronautics generally in this state.

(2) All money collected under subsection (1) must be deposited in the state treasury to the credit of the department.

(3) When the airport loan program is terminated, any balance of the bond proceeds that is not loaned must remain in the state special revenue fund to be invested, and the income must be used to retire the outstanding debt on the remaining bond proceeds.

(4) (a) The following amounts must be deposited from the proceeds of the 4-cent-a-gallon tax imposed on aviation fuel by 15-70-204(1):

(i) in the state special revenue fund to the credit of the department, an amount equal to the proceeds of 2 cents a gallon collected under 15-70-204(1) for the sole purpose of carrying out its functions pertaining to aeronautics;

(ii) in the aeronautical loan account created in 67-1-305 to the credit of the department, an amount equal to the proceeds of 1 cent a gallon for loans to local governments and state agencies; and

(iii) in a separate account in the state special revenue fund to the credit of the department:

(A) an amount equal to the proceeds of 1 cent a gallon to provide grants to municipalities for airport development or improvement programs and to provide navigational aids, safety improvements, weather reporting services, and other aeronautical services for airports and landing fields and for the state's airways; and

(B) 25% of the amount collected from scheduled passenger air carriers certified under 14 CFR, part 121 or 135.

(b) Money deposited in the account created in 67-1-305 may, with the approval of the board, be used only to provide loans to local governments and state agencies for aeronautical purposes, including airport improvement. The board shall establish procedures, including the interest rate charged, for providing loans. Proceeds of all repayments of loans, including interest, made

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under this subsection (4)(b) must be deposited in the account created in 67-1-305.

(c) Money deposited in the separate account established in subsection (4)(a)(iii) may, with the approval of the board, be used only to provide grants to municipalities for airport development or improvement programs and to provide navigational aids, safety improvements, weather reporting services, and other aeronautical services for airports and landing fields and for the state's airways. The board shall establish procedures for the awarding of grants.

(5) Except as provided in 15-70-221, the gasoline license tax imposed by the laws of this state on aviation fuel purchased and used for the operation of airplanes or aircraft may not be refunded.

(6) Of the amount of aviation fuel tax collected from the scheduled passenger air carriers certified under 14 CFR, part 121 or 135, 25% must be deposited in the separate account provided for in 67-1-305 to be used only for pavement preservation on airports served by these air carriers. *(Terminates on occurrence of contingency—sec. 17, Ch. 642, L. 1993.)*

67-1-301. *(Effective on occurrence of contingency)* **Money — receipt and disbursement.** (1) All costs and expenses of administering this title, including the salaries of employees of the department engaged in functions pertaining to aeronautics, the expenses of members of the board, and all other disbursements necessary to carry out the purposes of this title, must be paid out of the following revenue:

(a) all gifts and all legislative appropriations to the department for aeronautics;

(b) all money received from any branch or department of the federal government or from other sources for the purposes mentioned in this title or for the furtherance of aeronautics generally in this state.

(2) All money collected under subsection (1) must be deposited in the state treasury to the credit of the department.

(3) When the airport loan program is terminated, any balance of the bond proceeds that is not loaned must remain in the state special revenue fund to be invested, and the income must be used to retire the outstanding debt on the remaining bond proceeds.

(4) (a) The following amounts must be deposited from the proceeds of the 3-cent-a-gallon tax imposed on aviation fuel by 15-70-204(1):

(i) in the state special revenue fund to the credit of the department, an amount equal to the proceeds of 2 cents a gallon collected under 15-70-204(1) for the sole purpose of carrying out its functions pertaining to aeronautics; and

(ii) in a separate account in the state special revenue fund to the credit of the department:

(A) an amount equal to the proceeds of 1 cent a gallon for grants to municipalities and for other aeronautical purposes as provided in subsection (4)(b); and

(B) 25% of the amount collected from scheduled passenger air carriers certified under 14 CFR, part 121 or 135.

(b) Money deposited in the separate account established in subsection (4)(a)(ii) may, with the approval of the board, be used only to provide grants to

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municipalities for airport development or improvement programs and to provide navigational aids, safety improvements, weather reporting services, and other aeronautical services for airports and landing fields and for the state's airways. The board shall establish procedures for the awarding of grants.

(5) Except as provided in 15-70-221, the gasoline license tax imposed by the laws of this state on aviation fuel purchased and used for the operation of airplanes or aircraft may not be refunded.

(6) Of the amount of aviation fuel tax collected from the scheduled passenger air carriers certified under 14 CFR, part 121 or 135, 25% must be deposited in the separate account provided for in 67-1-305 to be used only for pavement preservation on airports served by these air carriers.

History: En. Sec. 20, Ch. 152, L. 1945; amd. Sec. 1, Ch. 120, L. 1949; amd. Sec. 220, Ch. 147, L. 1963; amd. Sec. 36, Ch. 348, L. 1974; amd. Sec. 3, Ch. 213, L. 1975; R.C.M. 1947, 1-501; amd. Sec. 1, Ch. 277, L. 1983; amd. Sec. 1, Ch. 654, L. 1983; amd. Sec. 2, Ch. 676, L. 1985; amd. Sec. 1, Ch. 41, L. 1987; amd. Secs. 10, 12, Ch. 642, L. 1993; amd. Sec. 4, Ch. 585, L. 1999; amd. Sec. 3, Ch. 8, Sp. L. May 2000.

Compiler's Comments

2000 Amendment: (Contingent version) Chapter 8 in (4)(a) substituted "3-cent-a-gallon tax" for "2-cent-per-gallon tax"; in (4)(a)(i) substituted "2 cents" for "1 cent"; inserted (4)(a)(ii)(B) concerning 25% of collections from passenger air carriers; inserted (6) concerning deposit of 25% of collections from passenger air carriers; and made minor changes in style. Amendment effective May 18, 2000.

TITLE 82

MINERALS, OIL, AND GAS

CHAPTER 4

RECLAMATION

82-4-302. Purpose. (1) The purposes of this part are to:

(a) fulfill the responsibilities and exercise the powers delegated by Article IX, section 1(3) and 2(1) of the Montana constitution;

(b) allow mining as an activity beneficial to the economy of Montana;

(c) allow the production of minerals to meet the needs of society and the economic demands of the marketplace;

(d) provide for reclamation that mitigates postreclamation visual contrasts between reclamation lands and adjacent lands;

(e) provide for reclamation that affords some utility to humans or the environment;

(f) prevent foreclosure of future access to mineral resources not fully developed by current mining operations;

(g) mitigate or prevent undesirable offsite environmental impacts; and

(h) provide authority for cooperation between private and governmental entities in carrying this part into effect.

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(2) Although both the need for and the practicability of reclamation will control the type and degree of reclamation in any specific instance, the basic objective will be to establish, on a continuing basis, the vegetative cover, soil stability, water condition, and safety condition appropriate to any proposed subsequent use of the area.

History: En. Sec. 2, Ch. 252, L. 1971; R.C.M. 1947, 50-1202; amd. Sec. 1, Ch. 7, Sp. L. May 2000.

Compiler's Comments

2000 Amendment: Chapter 7 substituted (1)(a) through (1)(h) enumerating purposes of part for former text that read: "(a) that the usefulness, productivity, and scenic values of all lands and surface waters involved in mining and mining exploration within the boundaries and lawful jurisdiction of the state will receive the greatest reasonable degree of protection and reclamation to beneficial use;

(b) authority for cooperation between private and governmental entities in carrying this part into effect;

(c) for the recognition of the recreational and aesthetic values of land as a benefit to the state of Montana; and

(d) priorities and values to the aesthetics of our landscape, waters, and ground cover"; and made minor changes in style. Amendment effective May 18, 2000.

Applicability: Section 4, Ch. 7, Sp. L. May 2000, provided: "(1) Except as provided in subsections (2) and (3), [this act] applies retroactively, within the meaning of 1-2-109, to permits and permit amendments approved by the department after September 30, 1995.

(2) Section 82-4-336(9)(b)(ii) and (9)(b)(iii) do not apply to any reclamation plan approved by the department for a mine at which mining operations have permanently ceased on [the effective date of this act] [effective May 18, 2000].

(3) Section 82-4-336(9)(c) does not alter or abrogate any backfilling requirement imposed or approved by the department prior to [the effective date of this act]." Effective May 18, 2000.

82-4-336. Reclamation plan and specific reclamation requirements. (1) Taking into account the site-specific conditions and circumstances, disturbed lands must be reclaimed consistent with the requirements and standards set forth in this section.

(2) The reclamation plan must provide that reclamation activities, particularly those relating to control of erosion, to the extent feasible, must be conducted simultaneously with the operation and in any case must be initiated promptly after completion or abandonment of the operation on those portions of the complex that will not be subject to further disturbance.

(3) In the absence of an order by the department providing a longer period, the plan must provide that reclamation activities must be completed not more than 2 years after completion or abandonment of the operation on that portion of the complex.

(4) In the absence of emergency or suddenly threatened or existing catastrophe, an operator may not depart from an approved plan without previously obtaining from the department written approval for the proposed change.

(5) Provision must be made to avoid accumulation of stagnant water in the development area to the extent that it serves as a host or breeding ground for mosquitoes or other disease-bearing or noxious insect life.

(6) All final grading must be made with nonnoxious, nonflammable, noncombustible solids unless approval has been granted by the department for a supervised sanitary fill.

(7) When mining has left an open pit exceeding 2 acres of surface area and the composition of the floor or walls of the pit are likely to cause formation of acid, toxic, or otherwise pollutive solutions ("objectionable effluents") on

exposure to moisture, the reclamation plan must include provisions that adequately provide for:

(a) insulation of all faces from moisture or water contact by covering the faces with material or fill not susceptible itself to generation of objectionable effluents in order to mitigate the generation of objectionable effluents; or

(b) processing of any objectionable effluents in the pit before they are allowed to flow or be pumped out of the pit to reduce toxic or other objectionable ratios to a level considered safe to humans and the environment by the department; or

(c) drainage of any objectionable effluents to settling or treatment basins when the objectionable effluents must be reduced to levels considered safe by the department before release from the settling basin; or

(d) absorption or evaporation of objectionable effluents in the open pit itself; and

(e) prevention of entrance into the open pit by persons or livestock lawfully upon adjacent lands by fencing, warning signs, and other devices that may reasonably be required by the department.

(8) Provisions for vegetative cover must be required in the reclamation plan if appropriate to the future use of the land as specified in the reclamation plan. The reestablished vegetative cover must meet county standards for noxious weed control.

(9) (a) With regard to disturbed land other than open pits and rock faces, the reclamation plan must provide for the reclamation of all disturbed land to comparable utility and stability as that of adjacent areas.

(b) With regard to open pits and rock faces, the reclamation plan must provide for reclamation to a condition:

(i) of stability structurally competent to withstand geologic and climatic conditions without significant failure that would be a threat to public safety and the environment;

(ii) that affords some utility to humans or the environment; and

(iii) that mitigates postreclamation visual contrasts between reclamation lands and adjacent lands.

(c) The reclamation of open pits and rock faces does not require backfilling, in whole or in part, except and only to the extent necessary to meet the requirements of the applicable provisions of Title 75, chapters 2 and 5.

(10) The reclamation plan must provide sufficient measures to ensure public safety and to prevent the pollution of air or water and the degradation of adjacent lands.

(11) A reclamation plan must be approved by the department if it adequately provides for the accomplishment of the requirements and standards set forth in this section.

(12) The reclamation plan must provide for permanent landscaping and contouring to minimize the amount of precipitation that infiltrates into disturbed areas, including but not limited to tailings impoundments and waste rock dumps. The plan must also provide measures to prevent objectionable postmining ground water discharges.

History: En. Sec. 9, Ch. 252, L. 1971; amd. Sec. 5, Ch. 281, L. 1974; amd. Sec. 14, Ch. 39, L. 1977; R.C.M. 1947, 50-1209; amd. Sec. 2, Ch. 345, L. 1985; amd. Sec. 4, Ch. 453, L.

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1985; amd. Sec. 391, Ch. 418, L. 1995; amd. Sec. 1, Ch. 464, L. 1995; amd. Sec. 2, Ch. 7, Sp. L. May 2000.

Compiler's Comments

2000 Amendment: Chapter 7 inserted (1) concerning site-specific conditions and circumstances; at end of (5) substituted "development area to the extent that it serves as a host or breeding ground for mosquitoes or other disease-bearing or noxious insect life" for "mined area"; in (7)(a) after "covering" substituted "the faces" for "to a depth of 2 feet or more" and at end inserted "in order to mitigate the generation of objectionable effluents"; in (9)(a) at beginning inserted "With regard to disturbed land other than open pits and rock faces", after "disturbed land" deleted "Proposed reclamation must provide for the reclamation of disturbed land", and at end deleted "except for open pits and rock faces that may not be feasible to reclaim in the same fashion as other disturbed lands"; in (9)(b)(ii) after "affords" inserted "some" and at end substituted "or the environment" for "and the surrounding natural system to the extent feasible"; substituted (9)(b)(iii) concerning mitigation of visual contrasts for "blends with the appearance of the surrounding area to the extent feasible"; inserted (9)(c) concerning backfilling; at end of (11) substituted "requirements and standards set forth in this section" for "activities specified in this section"; and made minor changes in style. Amendment effective May 18, 2000.

Applicability: Section 4, Ch. 7, Sp. L. May 2000, provided: "(1) Except as provided in subsections (2) and (3), [this act] applies retroactively, within the meaning of 1-2-109, to permits and permit amendments approved by the department after September 30, 1995.

(2) Section 82-4-336(9)(b)(ii) and (9)(b)(iii) do not apply to any reclamation plan approved by the department for a mine at which mining operations have permanently ceased on [the effective date of this act] [effective May 18, 2000].

(3) Section 82-4-336(9)(c) does not alter or abrogate any backfilling requirement imposed or approved by the department prior to [the effective date of this act]." Effective May 18, 2000.

TITLE 87

FISH AND WILDLIFE

CHAPTER 4

COMMERCIAL ACTIVITIES

87-4-407. License required — moratorium — penalty — seizure of illegally possessed animals. (1) A person may not operate an alternative livestock ranch in this state without first obtaining an alternative livestock ranch license from the department. The department may not accept any new applications for an initial alternative livestock ranch license until a live test for chronic wasting disease is developed and is approved by the department of livestock.

(2) A person who operates an alternative livestock ranch without a license or possesses, transports, buys, or sells animals whose importation into the state is restricted pursuant to 87-4-424 is guilty of a misdemeanor and is subject to the penalties provided in 87-4-427(4).

(3) Any animal held in violation of subsection (2) or otherwise illegally possessed may be immediately seized by the department and is subject to disposal by the department. Costs of seizure may be charged to the person in possession of the animal.

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History: En. Sec. 2, Ch. 570, L. 1983; amd. Sec. 2, Ch. 315, L. 1993; amd. Sec. 8, Ch. 574, L. 1999; amd. Sec. 1, Ch. 1, Sp. L. May 2000.

Compiler's Comments

2000 Amendment: Chapter 1 in (1) inserted second sentence imposing moratorium on new applications until a live test for chronic wasting disease is approved. Amendment effective May 11, 2000.

87-4-411. License and renewal fees — deposit of fees. (1) Except as provided in 87-4-407(1), the department shall charge an initial alternative livestock ranch license fee and an annual renewal fee based on the following scale:

(a) an alternative livestock ranch with 1 to 20 alternative livestock, an initial license fee of $200 and an annual renewal fee of $100;

(b) an alternative livestock ranch with 21 to 60 alternative livestock, an initial license fee of $300 and an annual renewal fee of $200; and

(c) an alternative livestock ranch with more than 60 alternative livestock, an initial license fee of $400 and an annual renewal fee of $400.

(2) In addition to the fees assessed under subsection (1), the department shall charge applicants a fee of $4 an acre based on the total number of acres indicated in the application for a license. In cases of an application for a license modification, the fee applies only if an acreage expansion is proposed.

(3) The department of livestock shall assess a fee, not to exceed $50, for each alternative livestock imported into the state.

(4) (a) One-half of the fees collected pursuant to subsection (1) and all of the fees collected pursuant to subsection (2) must be deposited in the state special revenue fund for the use of the department for purposes of this part.

(b) One-half of the fees collected pursuant to subsection (1) and all import fees collected pursuant to subsection (3) must be deposited in the state special revenue fund for the use of the department of livestock for purposes of this part.

History: En. Sec. 6, Ch. 570, L. 1983; amd. Sec. 48, Ch. 281, L. 1983; amd. Sec. 5, Ch. 315, L. 1993; amd. Sec. 5, Ch. 503, L. 1995; amd. Sec. 12, Ch. 574, L. 1999; amd. Sec. 2, Ch. 1, Sp. L. May 2000.

Compiler's Comments

2000 Amendment: Chapter 1 at beginning of (1) inserted exception clause. Amendment effective May 11, 2000.

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TITLE 90

PLANNING, RESEARCH, AND DEVELOPMENT

CHAPTER 6

COMMUNITY IMPACT — PLANNING AND ABATEMENT

90-6-710. *(Temporary)* **Priorities for projects — procedure — rulemaking.** (1) The department of commerce must receive proposals for projects from local governments as defined in 90-6-701(3)(b). The department shall work with a local government in preparing cost estimates for a project. In reviewing project proposals, the department may consult with other state agencies with expertise pertinent to the proposal. The department shall prepare and submit a list containing the recommended projects and the recommended form and amount of financial assistance for each project to the governor, prioritized pursuant to subsection (2). The governor shall review the projects recommended by the department and shall submit a list of recommended projects and the recommended financial assistance to the legislature.

(2) In preparing recommendations under subsection (1), preference must be given to infrastructure projects based on the following order of priority:

(a) projects that solve urgent and serious public health or safety problems or that enable local governments to meet state or federal health or safety standards;

(b) projects that reflect greater need for financial assistance than other projects;

(c) projects that incorporate appropriate, cost-effective technical design and that provide thorough, long-term solutions to community public facility needs;

(d) projects that reflect substantial past efforts to ensure sound, effective, long-term planning and management of public facilities and that attempt to resolve the infrastructure problem with local resources;

(e) projects that enable local governments to obtain funds from sources other than the funds provided under this part;

(f) projects that provide long-term, full-time job opportunities for Montanans, that provide public facilities necessary for the expansion of a business that has a high potential for financial success, or that maintain the tax base or that encourage expansion of the tax base; and

(g) projects that are high local priorities and have strong community support.

(3) After the review required by subsection (1), the projects must be approved by the legislature.

(4) The department shall adopt rules necessary to implement the treasure state endowment program.

90-6-710. *(Effective July 1, 2001)* **Priorities for projects — procedure — rulemaking.** (1) The amount of $425,000 is statutorily appropriated, as

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provided in 17-7-502, to the department of commerce for each biennium for the period beginning July 1, 2001, and ending June 30, 2005, from the treasure state endowment special revenue account for the purpose of providing communities with grants for engineering work for projects provided for in subsection (3).

(2) The department of commerce must receive proposals for projects from local governments as defined in 90-6-701(3)(b). The department shall work with a local government in preparing cost estimates for a project. In reviewing project proposals, the department may consult with other state agencies with expertise pertinent to the proposal. The department shall prepare and submit a list containing the recommended projects and the recommended form and amount of financial assistance for each project to the governor, prioritized pursuant to subsection (3). The governor shall review the projects recommended by the department and shall submit a list of recommended projects and the recommended financial assistance to the legislature.

(3) In preparing recommendations under subsection (2), preference must be given to infrastructure projects based on the following order of priority:

(a) projects that solve urgent and serious public health or safety problems or that enable local governments to meet state or federal health or safety standards;

(b) projects that reflect greater need for financial assistance than other projects;

(c) projects that incorporate appropriate, cost-effective technical design and that provide thorough, long-term solutions to community public facility needs;

(d) projects that reflect substantial past efforts to ensure sound, effective, long-term planning and management of public facilities and that attempt to resolve the infrastructure problem with local resources;

(e) projects that enable local governments to obtain funds from sources other than the funds provided under this part;

(f) projects that provide long-term, full-time job opportunities for Montanans, that provide public facilities necessary for the expansion of a business that has a high potential for financial success, or that maintain the tax base or that encourage expansion of the tax base; and

(g) projects that are high local priorities and have strong community support.

(4) After the review required by subsection (2), the projects must be approved by the legislature.

(5) The department shall adopt rules necessary to implement the treasure state endowment program. *(Terminates June 30, 2005—sec. 10(2), Ch. 10, Sp. L. May 2000.)*

90-6-710. *(Effective July 1, 2005)* **Priorities for projects — procedure — rulemaking.** (1) The department of commerce must receive proposals for projects from local governments as defined in 90-6-701(3)(b). The department shall work with a local government in preparing cost estimates for a project. In reviewing project proposals, the department may consult with other state agencies with expertise pertinent to the proposal. The department shall prepare and submit a list containing the recommended projects and the

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recommended form and amount of financial assistance for each project to the governor, prioritized pursuant to subsection (2). The governor shall review the projects recommended by the department and shall submit a list of recommended projects and the recommended financial assistance to the legislature.

(2) In preparing recommendations under subsection (1), preference must be given to infrastructure projects based on the following order of priority:

(a) projects that solve urgent and serious public health or safety problems or that enable local governments to meet state or federal health or safety standards;

(b) projects that reflect greater need for financial assistance than other projects;

(c) projects that incorporate appropriate, cost-effective technical design and that provide thorough, long-term solutions to community public facility needs;

(d) projects that reflect substantial past efforts to ensure sound, effective, long-term planning and management of public facilities and that attempt to resolve the infrastructure problem with local resources;

(e) projects that enable local governments to obtain funds from sources other than the funds provided under this part;

(f) projects that provide long-term, full-time job opportunities for Montanans, that provide public facilities necessary for the expansion of a business that has a high potential for financial success, or that maintain the tax base or that encourage expansion of the tax base; and

(g) projects that are high local priorities and have strong community support.

(3) After the review required by subsection (1), the projects must be approved by the legislature.

(4) The department shall adopt rules necessary to implement the treasure state endowment program.

History: En. Sec. 6, Ch. 3, Sp. L. January 1992; amd. Sec. 3, Ch. 432, L. 1993; amd. Sec. 1, Ch. 453, L. 1999; amd. Sec. 4, Ch. 10, Sp. L. May 2000.

Compiler's Comments

2000 Amendment: (Version effective July 1, 2001) Chapter 10 inserted (1) concerning statutory appropriation for engineering work; and made minor changes in style. Amendment effective July 1, 2001, and terminates June 30, 2005.

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